

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: 2/14/2025 *Check all that apply:*
Bill Number: HB 367 Original Correction
 Amendment Substitute

Sponsor: J Sanchez, T Lujan, P Caballero, L Terrazas, J Mason
Short Title: Re horseracing, amending time frame for number of live races days necessary to maintain gaming license

Agency Name and Code 46900
Number: _____
Person Writing Richard Bustamante
Phone: 505 503 5619 **Email** richardpbustamante@rc.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
0	0	0	N/A	N/A

(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	\$8,100 is Commission's expense for each	\$8,100 is Commission's expense for each	\$8,100 is Commission's expense for each	\$8,100 X number of additional race days	Recurring	

	additional race day.	additional race day.	additional race day.			
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(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 bill seeks to modify current definition of “race meet” to limit it to only to those days in which live racing is conducted on the track grounds. In Gaming Control Act, the bill seeks to mandate no more than 3 consecutive days may elapse between live race days for tracks which pay more than 8 million in gaming tax in prior fiscal year, and the tracks which pay less than 8 million mandating no more than four consecutive days lapsing between live race days. Finally, the bill permits the tracks to present to the Gaming Control Board written approval to vary its minimum number of live race days or races or increase the number of lapse days between live race days as a way for the casinos associated with horserace tracks to maintain their gaming licenses.

FISCAL IMPLICATIONS

For every additional day of live racing added to the state’s yearly calendar, the Racing Commission would need \$8,100.00 in additional funding. Additional racing days might necessitate the additional personnel of another Investigator and perhaps another veterinarian.

SIGNIFICANT ISSUES

Respectfully, any efforts to increase live race days must take into consideration the nationwide decline of race horse breeding which has been taking place for decades. Additional racing days means existing race horses competing more and potentially placing them in physical harm given the adding training and increased competitive racing.

Regarding the definition of “race meet” to require the conducting of live racing is of concern if it impacts the ability of the casinos associated with the state’s horserace tracks to be operational. It must be recognized that the statutory net take from gaming revenue accounts for approximately 95% of the purse money paid in horse races run in New Mexico. Decreases in the ability for those casinos to be operational directly result in decreases in the size of purses offered in New Mexico races. Please see the attachment for further information regarding issues and challenges facing the New Mexico horseracing industry should there be an increase in live race days.

PERFORMANCE IMPLICATIONS

Increases in live race days means more work for racing commission investigators, veterinarians, stewards such that additional personnel might be needed or pay increases to existing staff in order to maintain experienced qualified personnel.

ADMINISTRATIVE IMPLICATIONS

Increases in live race days means more work for racing commission investigators, veterinarians, stewards such that additional personnel might be needed or pay increases to existing staff in order to maintain experienced qualified personnel.

There may be a need for Racing Commission and NM Gaming Control Board to amend their existing administrative rules and/or adopt new rules.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB323

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

Increase in race days means increased work for Commission staff and the overworking of the equine athlete.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The status quo will be in place meaning the casinos associated with racetracks provide \$60 million annually to purses, making NM purses the highest in the southwest. Additionally, NM will continue to have year round live racing with minimal overlap between meets, and existing Commission staff will not be further overworked as they are with the existing live race meet calendar.

AMENDMENTS



New Mexico Racing Commission

Executive Director Ismael "Izzy" Trejo

About the Agency

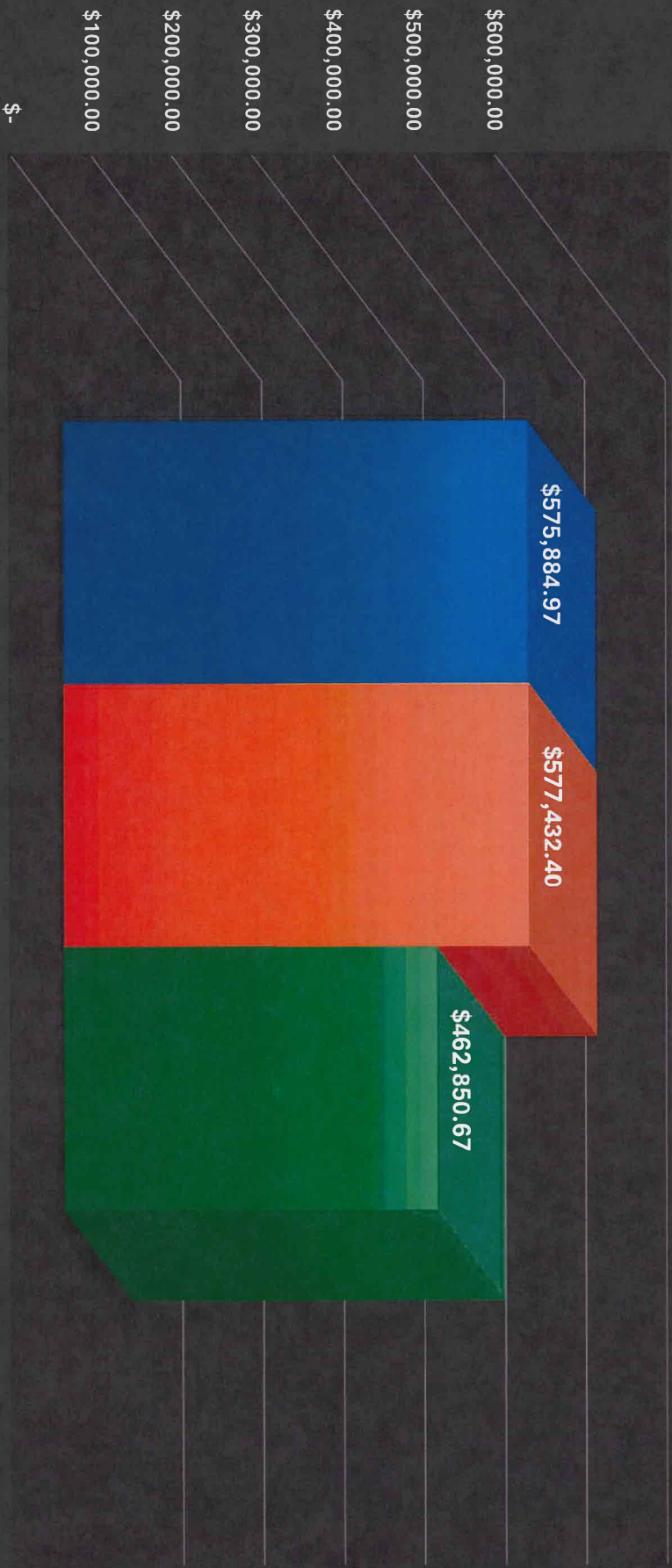
- Agency will Conduct 187 days of racing in 2025
- Agency has been nationally recognized for its drug testing program
- Issues facing the agency
 - Decline in Revenue for testing and pari-mutuel tax to the State
 - Lack of horses being bred on a national and state level
 - HISA (Horsereading Integrity and Safety Act) implemented
 - Necessity and shortage of vets

Decline in Equine Test Fund (ETF) Revenue

- During the past few years, there has been a drop in Equine Test Fund
 - 20% decrease in fund revenue over previous fiscal years
 - Increase in hair testing costs associated with RFP with testing laboratory
 - FY24 cost was \$150
 - FY25 cost is \$450

Equine Test Fund Comparison

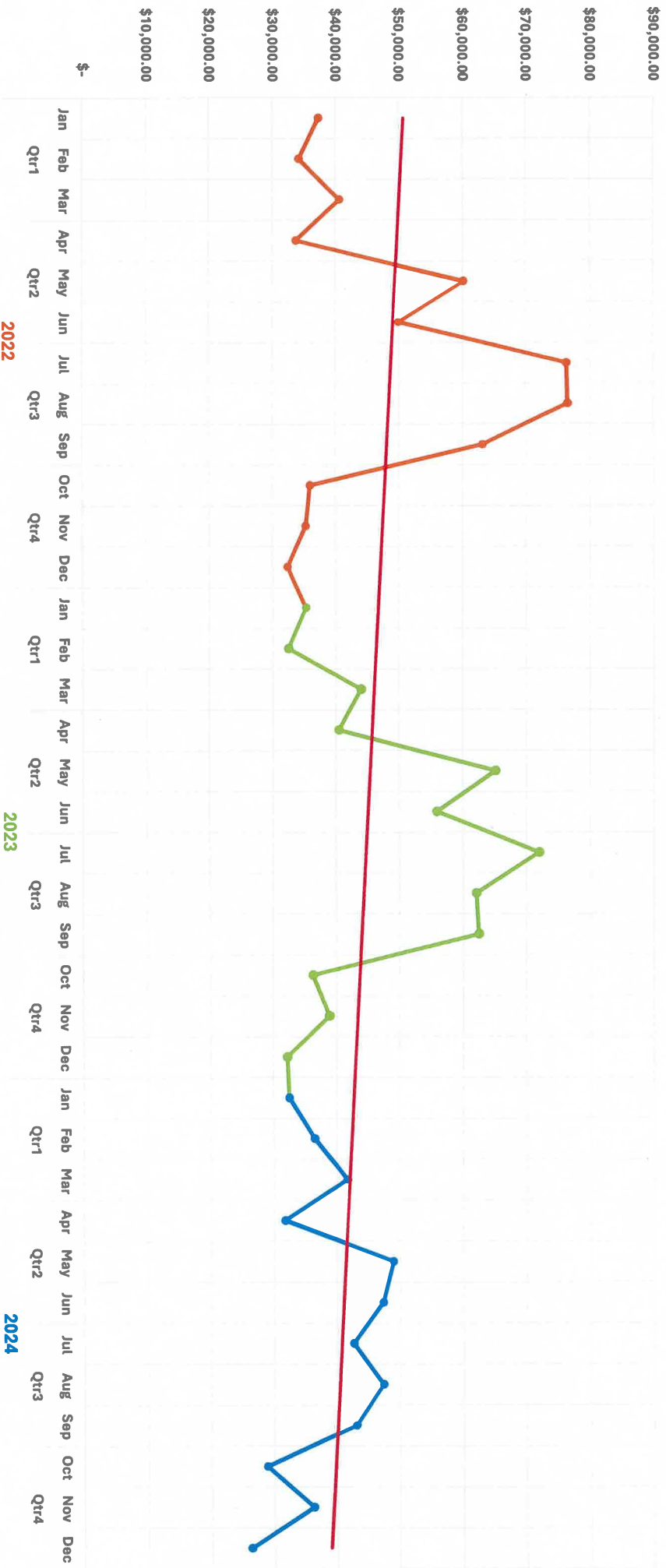
Equine Test Fund Totals for 2022-2024



■ 2022 ■ 2023 ■ 2024

Equine Test Fund Revenue

Equine Test Fund Trend 2022-2024



What does this decline in revenue mean?

- Agency cannot only rely on ETF funding alone - agency has been using general fund to assist in testing equine athletes
- FY24 used \$54,837 in general fund to test
- FY25 we may need to use general fund given revenue outlook
- FY26 recommendation has cut contracts \$98.2, thus reducing our ability to conduct testing
 - May affect performance measures (which will be discussed later)
 - Ultimately affects performance-based budgeting

Why the decrease in revenue?

- Lack of horses being bred
 - Too expensive
 - Many people getting out of the industry
 - If there is a lack of "product" (horses), there is a decrease in race days and money generated to ETF and pari-mutuel tax
- Restricted races
 - Many races are restricted to New Mexico bred only
 - Forces out competition from neighboring states
 - Closed shop mentality
- Decrease in import simulcast signals
 - Revenue loss if New Mexico residents cannot wager on big racing events at popular racing venues across America, at our local racetracks

Number of registered thoroughbred foals in America

Annual North American Registered Foal Crop
Current through 10/01/2024

Year	United States	Percent Change	Canada	Puerto Rico	Total North American	Percent Change
1990	40,333	-8.2	3,193	617	44,143	-7.5
1991	38,151	-5.4	3,025	628	41,804	-5.3
1992	35,051	-8.1	2,777	610	38,438	-8.1
1993	33,822	-3.5	2,713	605	37,140	-3.4
1994	32,118	-5.0	2,591	632	35,341	-4.8
1995	31,884	-0.7	2,446	653	34,983	-1.0
1996	32,243	1.1	2,397	726	35,366	1.1
1997	32,119	-0.4	2,284	740	35,143	-0.6
1998	32,947	2.6	2,540	734	36,021	2.5
1999	33,844	2.7	2,435	630	36,929	2.5
2000	34,728	2.6	2,465	562	37,755	2.2
2001	34,721	-0.0	2,460	590	37,901	0.4
2002	32,986	-5.0	2,468	524	35,978	-5.1
2003	33,976	3.0	2,576	515	37,067	3.0
2004	34,800	2.4	2,615	534	37,949	2.4
2005	35,050	0.7	2,788	527	38,365	1.1
2006	34,905	-0.4	2,643	556	38,104	-0.7
2007	34,358	-1.6	2,546	595	37,499	-1.6
2008	32,332	-5.9	2,382	560	35,274	-5.9
2009	29,612	-8.4	2,323	429	32,364	-8.2
2010	25,955	-12.3	2,118	347	28,420	-12.2
2011	22,655	-12.7	1,991	295	24,941	-11.2
2012	21,470	-5.2	1,782	290	23,542	-5.6
2013	21,431	-0.2	1,533	284	23,248	-1.2
2014	21,427	0.0	1,287	287	23,001	-1.1
2015	21,528	0.5	1,304	217	23,049	0.2
2016	21,119	-1.9	1,362	235	22,680	-1.6
2017	20,672	-2.1	1,362	221	22,255	-1.9
2018	19,769	-4.4	1,320	204	21,293	-4.3
2019	19,134	-3.2	1,180	234	20,548	-3.3
2020	18,515	-3.2	1,164	225	19,904	-3.1
2021	17,830	-3.7	989	263	19,082	-4.1
2022	17,300*	-3.0	1,075*	325*	18,700*	-2.0
2023	17,200*	-0.6	1,000*	300*	18,500*	-1.1

* Estimated figures

North American Foal Crop by Decade

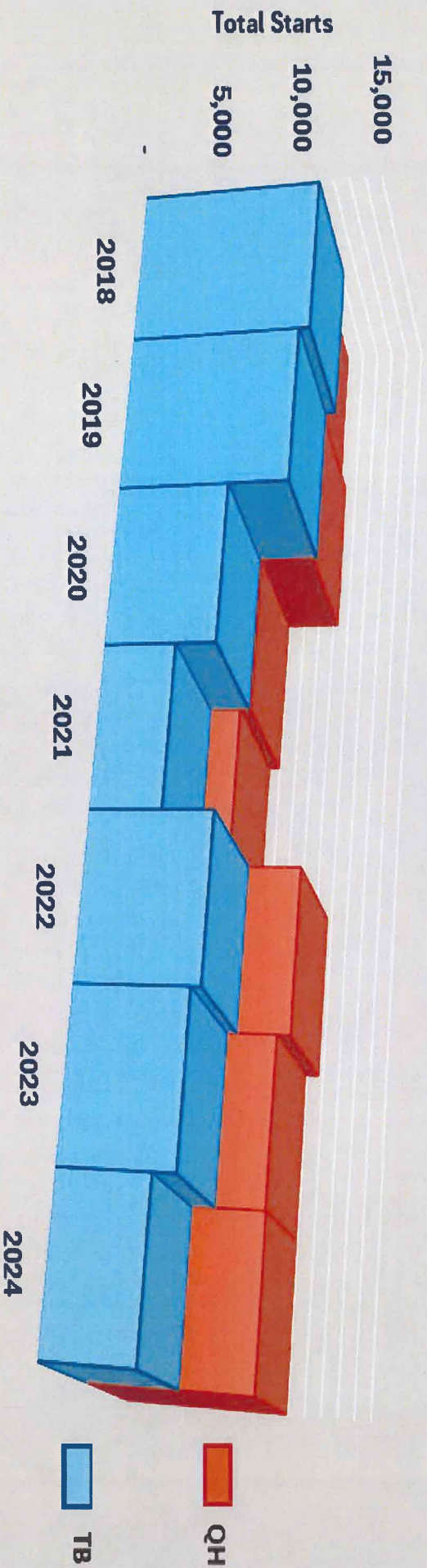
Foal crops are estimated against Reports of Mares Bred, scheduled to be filed by Aug. 1 of each breeding season. Foal registration is to be completed within 12 months of the birth of the foal. However, late registration is available for additional fees.

Foals bred declined in New Mexico 51% between 2008 and 2016
Further decline of 31% since 2016

Source: David S. Dixon
Department of Economics,
University of New Mexico

Implementation of HISA April 2023

Thoroughbred (TB) vs Quarterhorse (QH) Starts



Year	TB Starts	QH Starts
2018	11,094	9,934
2019	10,445	10,259
2020	6,794	6,926
2021	4,372	6,252
2022	7,446	10,681
2023	6,855	9,859
2024	5,487	9,891

Necessity of Vets

- FY26 Recommendation has agency vets working 181 race days, which is not completely accurate
- In FY24, when Vets were hired, one vet worked 2,165 hours, and vet two worked 1,747 hours for the other
- Although 2 Gov-X Veterinarian positions were created, we still utilized our contractual funding for Equine Health and Testing Advisor, Emergency Vet, and also Out of Competition Testing Vet

Veterinarian Hours (from date of hire)

Vet position 1

Month	Hours	Tracks worked
September 2023	0	
October 2023	65 Worked DAA	
November 2023	227 Worked Zia Park (only Vet)	
December 2023	185 Worked Zia Park (only Vet)	
January 2024	204 Worked Sunland Park with Vet 2	
February 2024	196 Worked Sunland Park with Vet 2	
March 2024	230 Worked Sunland Park with Vet 2	
April 2024	185 Worked Sunland Park with Vet 2	
May 2024	186 Worked Sunray (only Vet)	
June 2024	151 Worked a majority of meet Ruidoso	
July 2024	185 Worked a majority of meet Ruidoso	
August 2024	204 Worked a majority of meet Ruidoso	
September 2024	147 Off for a majority of meet DAA	
Total	2,165	

Vet position 2

Month	Hours	Tracks worked
September 2023	13 Helped HISA at DAA	
October 2023	15 Helped HISA at DAA	
November 2023	64 Minimal at Zia Park	
December 2023	8 Minimal at Zia Park	
January 2024	187.5 Full-time with Vet 1	
February 2024	173 Full-time with Vet 1	
March 2024	216 Full-time with Vet 1	
April 2024	62 Full-time with Vet 1	
May 2024	79 Partial Sunray	
June 2024	145 Worked big race weekends at Ruidoso	
July 2024	0 Worked big race weekends at Ruidoso	
August 2024	37 Worked big race weekends at Ruidoso	
September 2024	148 Worked big race meets for DAA	
Total	1,147.5	

Contractual Funds

2023 Contractors

2023 Contractors	Total Contract(s)
Dr. D'Alonzo (Medical Advisor, Vet)	61,715.50
Dr. Ashby	2,041.31
Dr. Lowe	19,822.14
Dr. Chastain	29,137.29
Dr. Ramos	1,700.00
Dr. Madison Seamans (out of competition)	2,187.14
	116,603.38

2024 Contractors

2024 Contractors	
Dr. Lowe (official Vet Ruidoso)	60,955.81
Dr. D'Alonzo (Medical Advisor, Vet)	84,500.00
Dr. Madison Seamans (out of competition and Relief Vet)	20,578.72
Dr. Alyssa Butler (pre-race examination)	45,650.00
	211,684.53

- If FY26 contractual funding is cut by the \$98.2, this will reduce the agency's ability to have other key positions assist during day-to-day operations
- Lack of Veterinarians jeopardizes the health of the equine athletes due to long hours worked
 - Risk of burnout

Summary - how do we fix this?

- A cut in the FY26 contractual category affects the ability to continue testing aggressively as ETF revenue declines
 - Gives cheaters an opportunity to manipulate races with illegal drugs and testing less horses
- Lack of additional funding for Vets jeopardizes the health of equine athletes
 - 181 days at 8 hours each day is unrealistic; they work long hours and burnout is a risk
- Agency performance measures could be affected as soon as next fiscal year
 - Testing will decrease (performance measure)
 - Out of competition testing will decrease (performance measure)
- The agency respectfully requests the committee to consider providing funding for contracts