

Core Services Category: Commerce and Industry

Study Area: Consolidation/Efficiency

High Level Recommendation: Repeal the appropriate sections of the Gaming Control Act (Sections 60-2E-1 through 60-2E-62 NMSA 1978) and the State Racing Commission Act (Sections 60-1-1 through 60-1-26 NMSA 1978). Combine the functions of the two agencies into the New Mexico Racing and Gaming Commission. (It is noted that this recommendation was not specifically addressed in the January 14, 2010 report of the Committee on Government Efficiency.)

Problem Statement: There exists an unnecessary dual agency approach to gaming and racing in New Mexico and the New Mexico Gaming Control Board and the New Mexico Racing Commission should be merged into one new regulatory agency. Not only will this save significant general fund monies – this based upon adjusted FY11 combined general fund operating budgets of \$7.4 million – but it will also provide benefits to their respective industries, as well as the state and taxpayers. Further, it is noted that both agency central offices are presently located in the same building – 4900 Alameda Blvd NE, Albuquerque. Total projections associated with the consolidation of the agencies reflect general fund potential annual savings of \$780 thousand. (see attached spreadsheet)

Background and Findings: The New Mexico Racing Commission provides regulation of the pari-mutuel horseracing industry to protect the interest of the wagering public and the state in a manner which promotes economic prosperity for horsemen, horse owners and racetrack management. The commission's regulatory oversight includes both human and equine drug testing, licensing of all participants as well as background investigations, enforcement of the rules and regulations of pari-mutuel horseracing, oversight of 5 racetracks, 6 race meets, approval of race dates for live racing as well as regulation of simulcast facilities and signals. The commission is composed of five gubernatorial-appointed members. The membership must meet the following criteria:

1. Three members are horse breeders;
2. Two members are public members; and
3. No more than three members from the same political party.

The New Mexico Gaming Control Board was established by the New Mexico Legislature and began operations in June 1998. It is responsible for regulating legalized gaming at New Mexico's licensed racetracks, as well as veterans' and fraternal organizations. The Board also appoints a representative to monitor New Mexico's tribal gaming compacts. In 2005 the Gaming Control Board also began regulating Bingo and Raffle. The board is composed of five gubernatorial-appointed members. The membership must meet the following criteria:

1. Three members are paid fulltime positions
 - a. One must be an attorney
 - b. One must be a Certified Public Accountant
 - c. One must have a background in Law Enforcement

2. One member is the chairman of the racing commission
3. One member is a public member who must have experience in business; and
4. No more than three members from the same political party.

Options to Consider: The proposed New Mexico Gaming and Racing Commission will retain all jurisdictional authority currently vested in the two, now separate agencies. It will consist of seven gubernatorial-appointed, *non-paid* members with the chair to be elected by the membership. The membership must meet the following criteria:

1. Two members must be horse breeders;
2. One member must be a licensed Certified Public Accountant;
3. One member must be an attorney licensed to practice in the state;
4. One member must have five years supervisory experience in law enforcement;
5. One member must have experience in business; and
6. One public member.
7. No more than four members can be from the same political party.

Primary Benefits To The Industry, The State and The Taxpayer:

1. Streamlined processes with particular emphasis on single background investigations
2. Common licensing procedures
3. Single board meetings
4. More rapid response to issues
5. In-house legal representation and research
6. Enhanced customer service
7. Cost savings to licensees
8. Cost Savings to the state and the taxpayer
9. Reduction of redundancy in staffing levels

Fiscal Implications: See attached spreadsheet and organizational chart.

Combined New Mexico Gaming Control Board and Racing Commission Cost Projections

General Fund monies in thousands

Based upon FY11 Operating Budget (as submitted on May 1, 2010)

Account Code	Account Title	Gaming Control Board	Racing Commission	Total Combined Budget for FY11	Potential GF Cost Savings	New Combined Budget
200	Personal Services/Benefits	\$3,928.8	\$1,217.1	\$5,145.9	-\$744.6	\$4,401.3
300	Contractual Services	\$731.9	\$737.6	\$1,469.5	-\$18.5	\$1,451.0
400	Other	<u>\$929.0</u>	<u>\$200.1</u>	<u>\$1,129.1</u>	<u>-\$19.8</u>	<u>\$1,109.3</u>
Total		<u>\$5,589.7</u>	<u>\$2,154.8</u>	<u>\$7,744.5</u>	<u>-\$782.9</u>	<u>\$6,961.6</u>
	Less 3.2 percent GF reduction	-181.3	-69.9			
Adjusted		\$5,408.4	\$2,084.9	\$7,493.3	-\$782.9	\$6,710.4

Cost Savings Detail

200 Personnel Services (Positions Removed)

Three (3) Fulltime Board Members (NMGCB) [3 X \$102,091X1.35]	-413.5
Director (Racing) GOVEX Position 00004397	-132.9
HR Position (Gaming) Position #00080150	-77.3
Administrative Supervisor (Racing) Position #0004399	-86.7
Executive Secretary (Racing) Position #00004406	-34.2
Total 200	-744.6

300 Contractual Services

Independent Financial Audit (Performed on both agencies)	-18.5
Total 300	-18.5

400 Other Costs

Supplies (Estimate based on inventory control)	-6.0
In-State Travel	-10.5
In-State Travel (Exempt)	-3.3
Total 400	-19.8

Seven Member Board

