LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB2701** by Flores (Relating to the regulation of horse and dog racing.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2701, As Engrossed: an impact of $0 through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	$0
2009	$0
2010	$0
2011	$0
2012	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *TEXAS RACING COMM ACCT* 597	Probable Revenue Gain from *TEXAS RACING COMM ACCT* 597
2008	($2,589,000)	$2,589,000
2009	($2,527,000)	$2,527,000
2010	($2,460,000)	$2,460,000
2011	($2,408,000)	$2,408,000
2012	($2,338,000)	$2,338,000

Fiscal Analysis

The bill would amend the Texas Racing Act to restructure the way the Texas Racing Commission (TRC) is funded.

Currently, a portion of moneys from outstanding tickets and pari-mutuel vouchers are turned over to TRC. The bill would allow the race tracks to keep all moneys from outstanding tickets and pari-mutuel vouchers to cover their costs for medication and drug testing. TRC would still be required to test for prohibited substances.

The bill would change the time limit for cashing a winning wagering ticket from the 60th day after the race meeting to the first anniversary from the date of ticket purchase.

The bill would remove expired language related to the percentage of simulcast pari-mutuel pools that go to the state but would make no fiscal change in the simulcast percentage reserved for the state.

Currently, 50 percent of the greyhound breakage must be paid to TRC from the racetrack. The bill would remove this requirement and would allow TRC to replace this funding by setting fees to cover its costs in regulating, overseeing, and licensing both live and simulcast racing at racetracks.

The bill would take effect September 1, 2007.

Methodology

The bill would remove two revenue sources, outstanding wagering tickets that are not redeemed and greyhound breakage, and would allow TRC to set fees to replace this lost revenue. The actual fee level is not specified in law and would be set by TRC rules.

Based on the analysis of the Comptroller of Public Accounts (CPA), it is assumed that there would be no net impact on state revenues because increases in fees would match the losses in revenue from outstanding wagering tickets and greyhound breakage.

It is also assumed that increasing the length of time that a winning ticket remained valid would have a small impact on the amount of outstanding ticket revenue. The bill provides all of the outstanding ticket revenue would stay at the racetracks so this small impact would not be a fiscal impact to the state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 476 Racing Commission

LBB Staff: JOB, KJG, JRO, MW, SK