

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 2009

TO: Honorable Edmund Kuempel, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB2081 by Isett (Relating to the continuation and functions of the Texas Racing Commission, the abolishment of the Equine Research Account Advisory Committee, and the authority of Texas AgriLife Research.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2081, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>Texas Racing Comm</i> <i>Acct</i> 597	Probable Revenue (Loss) from <i>Texas Racing Comm</i> <i>Acct</i> 597	Probable Savings from <i>Texas Racing Comm</i> <i>Acct</i> 597	Probable (Cost) from <i>Texas Racing Comm</i> <i>Acct</i> 597
2010	\$1,628,751	(\$1,301,221)	\$56,282	(\$382,483)
2011	\$1,445,166	(\$1,223,470)	\$55,822	(\$274,983)
2012	\$1,374,955	(\$1,151,660)	\$55,384	(\$274,983)
2013	\$1,308,957	(\$1,084,112)	\$54,958	(\$274,983)
2014	\$1,246,918	(\$1,020,569)	\$55,546	(\$274,983)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	1.0
2011	1.0
2012	1.0
2013	1.0
2014	1.0

Fiscal Analysis

The bill would amend the Texas Racing Code to continue the Texas Racing Commission for 6 years, amend the agency's operations, abolish the Equine Research Account Advisory Committee, and amend the authority of Texas AgriLife Research.

The bill would require the agency to review each racetrack license on a periodic basis and develop renewal criteria. The bill would eliminate uncashed winning tickets as a source of agency revenue and require the agency to only license individuals who can affect pari-mutuel racing.

The bill would take effect September 1, 2009.

Methodology

Based on the analysis by the Sunset Advisory Commission (SAC) and the Texas Racing Commission (Commission), the bill would result in a decrease in revenue from the uncashed wagering tickets and increase in revenue from other sources by \$1,246,268 in fiscal year 2010, \$1,170,183 in fiscal year 2011, \$1,099,972 in fiscal year 2012, \$1,033,974 in fiscal year 2013, and \$971,935 in fiscal year 2014.

Based on analysis provided by SAC, it is assumed that the racetrack license renewal process would require 2 FTEs each year, with a salary cost of \$112,500, benefits cost of \$32,141, travel costs of \$8,500, and other operating expenses of \$30,342 in each fiscal year of 2010-14. The Commission would have one-time costs of \$7,500 in fiscal year 2010. Additionally, it is anticipated that the racetrack license renewal process will result in additional legal fees and professional fees paid to the State Office of Administrative Hearings. These costs are anticipated to be \$200,000 in fiscal year 2010 due to reviewing all inactive racetrack licenses in the first fiscal year, and \$100,000 in each fiscal year of 2011-14. These costs would be funded by assessing a renewal fee to each racetrack under review, generating revenue equal to the expenditures.

As a result of the bill reducing the number of occupations that the Commission licenses, it is anticipated that the Commission would realize both a reduction of 1.0 FTE each year and a savings of \$56,282 in fiscal year 2010, \$55,822 in fiscal year 2011, \$55,384 in fiscal year 2012, \$54,958 in fiscal year 2013, and \$54,546 in fiscal year 2014.

Additionally, it is anticipated that, due to this reduced number of licensees, the agency will realize a reduction in revenue of \$54,953 in fiscal year 2010, \$53,287 in fiscal year 2011, \$51,688 in fiscal year 2012, \$50,138 in fiscal year 2013, and \$48,634 in fiscal year 2014.

The Commission is required to generate sufficient revenue to cover cost of operation, therefore it is assumed that any increased costs would be offset by an increase in fee-generated general revenue - dedicated funds.

Based on the analysis by Texas AgriLife Research, it is anticipated that costs associated with implementing the provisions of the bill could be absorbed within existing agency resources.

Technology

No technology impact is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 476 Racing Commission, 556 Texas AgriLife Research, 557 Texas Veterinary Medical Diagnostic Laboratory

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