

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 18, 2011

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

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

IN RE: HB254 by Hilderbran (Relating to establishing the Texas Derbies.), **As Engrossed**

There would be an indeterminate revenue gain to the state from the provisions of the bill in fiscal years 2014 through 2016 because it would result in additional horse races and entry fees.

The bill would amend the Texas Racing Act relating to establishing the Texas Derbies as annual horse races beginning on or after January 1, 2015. The bill would require that the races be held at the state's class 1 racetracks. The bill would require the Texas Racing Commission (TRC) to establish four separate annual Texas Derby races for three-year old horses: one for thoroughbreds, one for Texas-bred thoroughbreds, one for quarter horses, and one for Texas-bred quarter horses. The race conditions, entrance qualifications, and preference system for determining race finalists would be left to the official state breed registries, the official horsemen's organization, and in the case of derbies for non-Texas-bred horses, the racetrack that is awarded the race. The bill would require TRC to establish a Texas Derby Escrow Purse Fund, and TRC could not contribute any money to the new fund before January 1, 2015. The bill would authorize TRC to sell the naming rights for a Texas Derby and deposit the proceeds from the sale to the credit of the Texas Derby Escrow Purse Fund.

This bill would take effect on September 1, 2011.

Based on the analysis provided by TRC, it is assumed that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing agency resources.

Based on the analysis provided by the Comptroller of Public Accounts (CPA), the bill does not specify amounts for entry fees, the number of horses that would qualify for each race, purse requirements, or the level of advertising, and therefore the fiscal impact of this legislation, although expected to be positive in fiscal years 2014 through 2016, cannot be estimated.

Based on the analysis provided by CPA, the bill does not specify whether the new fund would be in the state treasury and does not set requirements for its purposes and uses.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

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, MW, CH, AG