

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 3, 2011

TO: Honorable Mike Hamilton, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB2271 by Anchia (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; providing an administrative penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2271, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

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
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$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
2012	\$1,576,627	(\$1,261,526)	\$82,412	(\$397,513)
2013	\$1,506,055	(\$1,197,982)	\$80,714	(\$388,787)
2014	\$1,449,011	(\$1,140,487)	\$79,082	(\$387,606)
2015	\$1,394,808	(\$1,085,849)	\$77,514	(\$386,473)
2016	\$1,343,303	(\$1,033,926)	\$76,008	(\$385,385)

Fiscal Year	Change in Number of State Employees from FY 2009
2012	1.0
2013	1.0
2014	1.0
2015	1.0
2016	1.0

Fiscal Analysis

The bill would amend the Texas Racing Code to continue the Texas Racing Commission (the agency) 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 amend the Texas Racing Act relating to the continuation and functions of the Texas Racing Commission (TRC), the abolishment of the Equine Research Account Advisory Committee (ERAAC), and the authority of Texas Agrilife Research; providing an administrative penalty. TRC is subject to the Sunset Act and will be abolished on September 1, 2011, unless continued by the Legislature. The bill would continue TRC for 6 years and would take effect on September 1, 2011. The Equine Research Account Advisory Committee is subject to the Sunset Act and will be abolished on September 1, 2011, unless continued by the Legislature. The bill would abolish ERAAC and continues Texas AgriLife's direct authority to expend appropriated Equine Research Funds.

The bill would require TRC to designate racetrack licenses as either active or inactive and develop, in rule, renewal criteria for licenses designated as inactive, and clarifies TRC's license revocation authority. The bill would eliminate uncashed winning tickets (outs) as a source of TRC revenue; authorize TRC to require racetrack license holders to post a surety bond at any time; and require TRC to license only those individuals who can affect pari-mutuel racing.

The bill would take effect on September 1, 2011.

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 \$1,179,114 in fiscal year 2012, \$1,117,268 in fiscal year 2013, \$1,061,405 in fiscal year 2014, \$1,008,335 in fiscal year 2015, and \$957,918 in fiscal year 2016.

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 \$7,000, and other operating expenses of \$21,926 in each fiscal year of 2012-16. TRC would have one-time costs of \$7,500 in fiscal year 2012. 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 \$185,000 in each fiscal year of 2012-16 based on one contested case per year. These costs would be funded by assessing a renewal fee to each racetrack under review, generating revenue equal to the expenditures.

The bill would require the agency to obtain criminal history record information on each license holder every 36 months. The cost of the criminal history records would be passed on the license holder. The increased revenue and increased cost would be \$31,446 in fiscal year 2012, \$30,220 in fiscal year 2013, \$29,039 in fiscal year 2014, \$27,906 in fiscal year 2015, and \$26,818 in fiscal year 2016.

As a result of the bill reducing the number of occupations that TRC licenses, it is anticipated that TRC would realize both a reduction of 1.0 FTE each year and a savings of \$82,412 in fiscal year 2012, \$80,714 in fiscal year 2013, \$79,082 in fiscal year 2014, \$77,514 in fiscal year 2015, and \$76,008 in fiscal year 2016. Additionally, it is anticipated that, due to this reduced number of licensees, the agency will realize a reduction in revenue of \$59,490 fiscal year 2012, \$557,170 in fiscal year 2013, \$54,940 in fiscal year 2014, \$52,797 in fiscal year 2015, and \$50,738 in fiscal year 2016.

TRC is required to generate sufficient revenue to cover cost of operation, therefore it is assumed that any increased or decreased costs would be offset by an increase or decrease 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.

Based on the analysis by the Sunset Advisory Commission, 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, 304 Comptroller of Public Accounts, 476 Racing Commission, 556 Texas AgriLife Research

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