

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 8, 2013

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB1340 by Seliger (Relating to the temporary operation of a race track extension location.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1340, Committee Report 1st House, Substituted: a positive impact of \$312,000 through the biennium ending August 31, 2015.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$78,000
2015	\$234,000
2016	\$312,000
2017	\$312,000
2018	\$312,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Texas Racing Comm</i> <i>Acct</i> 597	Probable Revenue Gain/(Loss) from <i>Texas Racing Comm</i> <i>Acct</i> 597	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2013
2014	(\$114,161)	\$114,161	\$78,000	0.3
2015	(\$339,483)	\$339,483	\$234,000	0.9
2016	(\$450,644)	\$450,644	\$312,000	1.2
2017	(\$450,644)	\$450,644	\$312,000	1.2
2018	(\$450,644)	\$450,644	\$312,000	1.2

## **Fiscal Analysis**

The bill would amend the Texas Racing Act relating to the temporary operation of a race track extension location. The bill would extend the length of time that a temporary license is valid from two to six years after the date of issuance. The bill would also require the Racing Commission to grant an extension of up to four years for any temporary licenses currently held by an association.

If passed by a two-thirds vote of all elected members to each house, the bill would take effect immediately. Otherwise, the bill would take effect September 1, 2013.

## **Methodology**

This analysis is based on information provided by the Comptroller of Public Accounts and the Racing Commission. Currently, there are five race track licenses that have yet to construct a physical race track. If the provisions of the bill were implemented, the Racing Commission estimates that two of these five race track licenses would be granted a temporary license in the middle of fiscal year 2014 and two additional race tracks would be granted temporary licenses in the middle of fiscal year 2015. This analysis assumes that the four race tracks assumed to receive a temporary license have not run races before under the current law.

This analysis assumes each temporary location would be open 52 weeks per year and average \$150,000 in simulcast wagering activity per week, for an estimated annual wagering total of \$7.8 million per temporary location. Out of this wagering total, one percent of the revenue would be deposited into General Revenue and 1.18 percent would be deposited into the General Revenue-Dedicated Texas Racing Account No. 597 for the Texas Bred Incentive Program. Based on the wagering estimate assumed in this analysis, the General Revenue fund would receive \$78,000 and the General Revenue-Dedicated Texas Racing Account would receive \$92,000 per temporary location per year.

This analysis assumes that the Racing Commission would require approximately \$112,661 in General Revenue-Dedicated Texas Racing Account funds and 0.3 FTEs per temporary location per year, with a salary cost of \$13,150 per temporary location, in order to perform inspections, monitor wagering activity, test wagering systems, and perform investigations at the temporary locations. Additional expenses for each temporary location include \$2,250 in travel costs; \$1,350 in other operating costs; \$92,000 for the Texas Bred Incentive Program; and estimated benefit costs of \$3,911 per temporary location. The Racing Commission would also require \$1,500 in fiscal year 2014 and 2015 to purchase software and computer equipment to support additional agency staff.

This analysis assumes that any increased costs to the Racing Commission, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue in the General Revenue-Dedicated Texas Racing Account.

## **Technology**

The Racing Commission estimates a cost of \$1,500 in fiscal year 2014 and 2015 to purchase software and computer equipment to support additional agency staff.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

**LBB Staff:** UP, AG, MW, ED