

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 18, 2017

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

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

**IN RE:** SB1972 by Kolkhorst (Relating to the deposit and distribution by the Texas Racing Commission of certain pari-mutuel wagering funds to benefit the Texas-bred program.),  
**As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1972, As Engrossed: an impact of \$0 through the biennium ending August 31, 2019.

The bill would take effect only if a specific appropriation for the implementation of the bill is provided in a General Appropriations Act of the Eighty-fifth Legislature.

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
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Certification Gain/Loss from Texas Racing Comm Acct 597	Probable Revenue Gain/(Loss) from New - Texas-bred Incentive Fund	Probable (Cost) from New - Texas-bred Incentive Fund
2018	(\$3,266,000)	\$3,266,000	(\$3,266,000)
2019	(\$3,261,000)	\$3,261,000	(\$3,261,000)
2020	(\$3,256,000)	\$3,256,000	(\$3,256,000)
2021	(\$3,251,000)	\$3,251,000	(\$3,251,000)
2022	(\$3,246,000)	\$3,246,000	(\$3,246,000)

## **Fiscal Analysis**

The bill would amend the Texas Racing Act to establish the Texas-bred Incentive Fund as escrow account in the State Treasury in the registry of the Texas Racing Commission (TRC). The bill would require TRC to deposit to the Texas-bred Incentive Fund money set aside for the Texas-bred program by the Texas Racing Act and distribute money from the fund in accordance with the Act and TRC rules.

The bill would take effect on September 1, 2017, only if a specific appropriation for the implementation of the bill is provided in a General Appropriations Act of the 85th Legislature.

## **Methodology**

The bill would require certain breakage and racing pool revenues currently deposited into the Texas Racing Commission Account 597 to instead be deposited to a new escrow account in the State Treasury named the Texas-bred Incentive Fund. The Comptroller's office estimates the bill would result in a loss of approximately \$3.3 million to Account 597 and a corresponding gain to the new Texas-bred Incentive Fund in each fiscal year beginning in fiscal year 2018.

Rider 2 in the Texas Racing Commission's bill pattern, 2016-17 General Appropriations Act, requires that all amounts set aside by the Texas Racing Act for the Texas Bred Incentive Program are appropriated to the Texas Racing Commission in Strategy A.2.1, Texas Bred Incentive Program. This analysis assumes money required to be distributed from the Texas-bred Incentive Fund by the Texas Racing Act would be appropriated for that purpose pursuant to Rider 2 and Strategy A.2.1.

The changes made by the bill would take effect only if a specific appropriation for implementation of the bill is provided in a General Appropriations Act of the 85th Legislature.

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 in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, 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:** UP, CL, TG, SZ, EH