

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 25, 2019

TO: Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: **HB3366** by Kacal (Relating to the deposit and distribution by the Texas Racing Commission of certain pari-mutuel wagering funds to benefit the Texas-bred program.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3366, As Introduced: an impact of \$0 through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>New GR Escrow Texas Bred Incentive Fund</i>	Probable (Cost) from <i>New GR Escrow Texas Bred Incentive Fund</i>	Probable Revenue (Loss) from <i>Texas Racing Comm Acct 597</i>	Probable Savings from <i>Texas Racing Comm Acct 597</i>
2020	\$3,045,000	(\$3,045,000)	(\$3,045,000)	\$3,045,000
2021	\$3,045,000	(\$3,045,000)	(\$3,045,000)	\$3,045,000
2022	\$3,045,000	(\$3,045,000)	(\$3,045,000)	\$3,045,000
2023	\$3,045,000	(\$3,045,000)	(\$3,045,000)	\$3,045,000
2024	\$3,045,000	(\$3,045,000)	(\$3,045,000)	\$3,045,000

The bill would amend the Occupations Code as it relates to certain funds set aside for the Texas-bred program. The bill would create the Texas-bred Incentive Fund (fund) as an escrow account in the state treasury and would require the Texas Racing Commission to deposit money set aside for the Texas-bred program or set aside for use by state breed registries into the fund.

As such, current funding set asides that are deposited to the GR-Dedicated Texas Racing Commission Account 597 and distributed to entities as specified in statute would instead be deposited to the new fund for the same or similar purposes.

The provisions of the bill would only apply to the deductions and breakage from a wagering pool for a horse or greyhound race conducted by a racetrack association on or after the effective date of the bill.

The bill would take effect September 1, 2019.

Fiscal Analysis

There is no anticipated fiscal impact to the state. The projected reduced revenue and expenditures of the GR-Dedicated Account 597 would be offset by the projected increase in revenue and expenditures of the new Texas Bred Incentive Fund.

According to the Comptroller, 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 the bill would be subject to funds consolidation review by the current Legislature.

Methodology

According to the Texas Racing Commission, the estimated amount of revenue set aside for the Texas Bred program is \$3,045,000. It is assumed this level would remain the same through fiscal year 2024.

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: WP, CLo, SGr, MB