

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 73 amends Section 2-1228, regarding horseracing.

The bill would reduce the number of live racing days required in order for the Nebraska Racing Commission to authorize interstate simulcasting for any racetrack. The number would be reduced from the current requirement for one-hundred-eighty live racing days to a minimum of forty-nine live racing days in the calendar year in which the application for simulcasting is made.

The bill also strikes language regarding the consequences of a racetrack not running the required number of live racing days and the provision that if a racetrack ceases to conduct live racing, that seventy percent of the days assigned that track shall be deducted from the one-hundred-eighty day total.

In 2012 there were ninety-one racing days authorized and run by the various Nebraska horse racing tracks. For 2013 the Racing Commission, because of the closing of the Lincoln racetrack, has authorized fifty-one live racing days, including one quarterhorse racing day. The fiscal note submitted by the Racing Commission reflects that reduction of live race days and the effect on the Commission's resources. The reduction from ninety-one live racing days to the minimum of forty-nine live racing days would be as stated in the Commission's fiscal note which would be a reduction to the General Fund of \$12,993 each fiscal year and a reduction of \$24,946 to the Commission's Cash Fund each fiscal year.

However, LB 73 provides that "at least forty-nine live racing days" be conducted in order to maintain simulcasting and nothing in the bill requires that only forty-nine days be conducted. The Racing Commission could still authorize more than the minimum number of racing days. Therefore, while the number of racing days for 2013 is being reduced by forty days, that reduction is not attributable to LB 73. LB 73 provides a floor, not a ceiling and as a result there is no fiscal impact as a result of LB 73.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 73	AM:	AGENCY/POLT. SUB: Nebraska Racing Commission	
REVIEWED BY: Cindy Miserez		DATE: 1/23/2013	PHONE: 402-471-4174
COMMENTS: I have no basis to disagree with the Nebraska Racing Commission's estimate of fiscal impact.			

Please complete ALL (5) blanks in the first three lines.

**2013**

**LB<sup>(1)</sup> 73 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Racing Commission

Prepared by: <sup>(3)</sup> Tom Sage Date Prepared: <sup>(4)</sup> 1-16-2013 Phone: <sup>(5)</sup> 402-471-4155

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		<u>(\$12,993.14)</u>		<u>(\$12,993.14)</u>
CASH FUNDS	<u>(\$40,000)</u>	<u>(\$24,946.83)</u>	<u>(\$40,000)</u>	<u>(\$24,946.83)</u>
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u><b>(\$40,000)</b></u>	<u><b>(\$37,939.97)</b></u>	<u><b>(\$40,000)</b></u>	<u><b>(\$37,939.97)</b></u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				

LB 73 will have some effect on the Racing Commissions budget projections for FY 2013-2014 and FY 2014-2015. When the Racing Commission budget was submitted it was based on running 72-90 days of live racing. Since Lincoln Race Course is only running one live race day in 2013 and Columbus Race Track is running no races the number of live race days scheduled to run in 2013 is 50 days.

The Commission has taken the total live handle from 2012 and divided it with the number of live race days ran in 2012 and came up with an average handle of \$92,808.15 per day.

$\$8,445,542$  (2012 live handle)/ 91 (live race days) = \$92,808.15 average live handle per day in 2012.

With LB 73 we will run 42 less live racing days. So the Commission believes our handle will be reduced by \$3,897,942.30 for the year.

$\$92,808.15$  average live handle per day/ 42 lost race days = \$3,897,942.30

The Commission received .64% of the handle. So  $\$3,897,942.30 \times .64\% = \$24,946.83$ .

The Commission will receive \$24,946.83 in revenue. This is not taking in to consideration any possible loss in simulcasting revenue caused by dropping 42 days of live racing. Live racing is a draw to bring patrons to the race track. These patrons will wager on simulcasting and live racing.

The Commission believes that there will also be a reduction in the general fund.

Nebraska State Statute 2-1208.01 requires payment of pari-mutuel tax based on calendar year handle at tracks with total handle in excess of \$ 10 million (Lincoln Race Course and Horsemen's Park). The tax rate is 2.5% of handle in excess of \$10 million, less a credit of 2% for capital improvements and maintenance (net rate of 0.5%). Beginning on January 1, 2010 Fonner Park became exempt from paying the pari-mutuel tax. This occurred because Fonner Park became the host of the State Fair.

This reduction will occur at Lincoln Race Course. They will be running 28 less live race days. The Commission determined that the average live race day handle in 2012 was \$92,808.15. So  $\$92,808.15 \times 28 \text{ live race days} = \$2,598,628.20 \times .5\% \text{ (pari-mutuel tax)} = \$12,993.14$

The Commission believes that our expenditures will be reduced by LB73. The greatest reduction in expenditures will be the salary of the state steward and the state veterinarian. These positions are not needed when there is no live racing. The Commission believes this reduction could be \$40,000.