



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill # SB0183

Title: Authorize the board of horseracing to conduct historical horseracing.

Primary Sponsor: Blasdel, Mark

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$5,000	\$5,000	\$1,493,860	\$1,493,860
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$1,493,860	\$1,493,860
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 183 grants the Board of Horse Racing's (BOHR) authority to implement, administer, and enforce wagering on pari-mutuel historical horseracing.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC)

- SB 183, New Section 1, authorizes the BOHR to allow pari-mutuel betting through historical horseraces effective July 1, 2021 (FY 2022). Prior to July 1, 2021, the BOHR may conduct public hearings and rulemaking to implement pari-mutuel betting on historical horseracing per the definitions, and within the parameters defined in the bill. The BOHR will conduct public hearings and rulemaking in FY 2020 and FY 2021 at an estimated cost of \$5,000 each fiscal year.
- The SB 183 pari-mutuel historical horseracing program will require 2.00 FTE for an auditor and an accountant with estimated personal services costs of \$132,036 in FY 2022 and \$134,017 in FY 2023. Associated operating costs are estimated to be \$73,776 in FY 2022 and \$67,777 in FY 2023.

3. The State of Wyoming is one of the few states in the nation permitting historical racing. Historical race data from Wyoming will be used to model Montana’s program and to estimate the revenue for a comparable Montana program.
4. Montana will generate 30% of Wyoming’s revenue per machine, or \$752.80 daily per machine.
5. Montana’s 500 machines will generate \$137,386,000 annually. The Montana Board of Horse Racing (BOHR) will receive 1%, or \$1,373,860.
6. The BOHR will set the licensing fee for pari-mutuel betting of historical horseracing at \$240 per license which is comparable to what the Gambling Control Division of Department of Justice charges for their licenses. The BOHR will receive licensing revenue of \$240 per machine, or \$120,000.
7. Total estimated revenue from historical racing is \$1,493,860.
8. Revenues remaining after costs will be deposited in a state special revenue account and used for track support, to open additional race tracks, add more race dates, and increase owners and breeders’ bonuses to stimulate the horse racing industry in Montana.

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$132,036	\$134,017
Operating Expenses	\$5,000	\$5,000	\$73,776	\$67,777
Expand Horse Racing	\$0	\$0	\$1,288,048	\$1,292,066
TOTAL Expenditures	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$1,493,860</u>	<u>\$1,493,860</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$5,000	\$5,000	\$1,493,860	\$1,493,860
TOTAL Funding of Exp.	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$1,493,860</u>	<u>\$1,493,860</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$1,493,860	\$1,493,860
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$1,493,860</u>	<u>\$1,493,860</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$5,000)	(\$5,000)	\$0	\$0

Technical Notes:

Department of Justice (DOJ)

1. It is uncertain what Gambling Control Division resources will be needed if the BOHR has a Memorandum of Understanding with DOJ to coordinate and enforce regulation of historical horse racing machines.
2. It is uncertain what the revenue impact will be to the general fund from impacts to currently regulated video gambling machines.

NO SPONSOR SIGNATURE

Sponsor's Initials

Date

TL

Budget Director's Initials

2/3/19

Date