

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6130
BILL NUMBER: SB 107

DATE PREPARED: Nov 8, 1999
BILL AMENDED:

SUBJECT: Alternative racing programs.

FISCAL ANALYST: Brian Tabor
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FUNDS AFFECTED: **GENERAL** **IMPACT:** State
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 FEDERAL

Summary of Legislation: This bill permits a statewide breed association that represents a breed at a pari-mutuel racetrack located in Indiana to apply to the Indiana Horse Racing Commission for approval of an alternative racing program consisting of non-pari-mutuel races. It also establishes an Alternative Racing Program Fund for each alternative racing program that is approved by the Commission.

In addition, the bill distributes \$600,000 for alternative racing programs and permits distribution of a part of the revenues from the Riverboat Admission Tax, in an amount to be determined by the Commission, for a training facility for thoroughbreds and other breeds.

Effective Date: July 1, 2000; January 1, 2001.

Explanation of State Expenditures: Under this proposal, a statewide breed association representing a breed at a pari-mutuel racetrack in Indiana may apply to the Horse Racing Commission (HRC) for approval of a nonpari-mutuel alternative racing program. There are currently three statewide breed associations representing thoroughbreds, standardbreds, and quarter horses.

The HRC would be required to establish a fund for each alternative racing program and provide regulatory oversight for these programs. Depending on the extent of oversight, the Commission may need intermittently employed staff to work additional days. This would increase the HRC's payroll expenses by an indeterminable amount. The HRC currently employs approximately 25 individuals for 15 intermittent positions.

This bill provides that beginning in FY 2001, the HRC would distribute a maximum of \$600,000 of Riverboat Admission Tax revenue to each alternative racing program fund that is established. Money in these funds would be used for purses and other approved purposes. It is expected that \$600,000 would be sufficient to conduct the racing programs and cover the costs incurred by the HRC. The HRC's total expenditures in CY

1998 were approximately \$1.1 M. A statewide breed association participating in an alternative racing program could also receive reimbursement from the appropriate alternative racing fund for purses, certain racetrack-related costs, and for expenses incurred by track officials conducting the races.

In FY 1999, \$23,126,77 was distributed to the HRC from Riverboat Admission Tax revenue. If all three statewide breed associations develop an alternative racing program, a maximum of \$1.8 M could be distributed from Admission Tax revenue to alternative program funds before other distributions are made. However, according to the Commission, it is expected that the association representing thoroughbreds would not participate in an alternative racing program. This bill also provides that the Commission would distribute an unspecified amount of Admission Tax revenue to a training facility. Admission Tax revenue is currently distributed in the following manner:

**Current Distribution of the Horse Racing Commission's Share
of Riverboat Admission Tax Revenue**

Purses	40%
Track	30%
Breed Development	20%
Promotion Fund	10%
TOTAL	100%

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Horse Racing Commission.

Local Agencies Affected:

Information Sources: Indiana Horse Racing Commission's 1998 Annual Report; Joe Gorajec, Executive Director, Indiana Horse Racing Commission, (317) 233-3119.