

HF4597 - 1UE - Horse Racing and Wagering Modifications

Chief Author: **Brad Tabke**
 Committee: **Public Safety and Criminal Justice Reform Finance & Policy Division**
 Date Completed: **5/6/2020 12:02:27 PM**
 Lead Agency: **Racing Commission**
 Other Agencies:
 Public Safety Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Racing Commission	-	-	-	-	-	-
Restrict Misc. Special Revenue	-	-	-	-	-	-
State Total						
Restrict Misc. Special Revenue	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Racing Commission	-	-	-	-	-
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joe Harney **Date:** 5/6/2020 12:02:27 PM
Phone: 651-284-6438 **Email:** joe.harney@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
Racing Commission		-	-	-	-	-
Restrict Misc. Special Revenue		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Racing Commission		-	-	-	-	-
Restrict Misc. Special Revenue		-	54	571	264	-
Total		-	54	571	264	-
Biennial Total				625		264
2 - Revenues, Transfers In*						
Racing Commission		-	-	-	-	-
Restrict Misc. Special Revenue		-	54	571	264	-
Total		-	54	571	264	-
Biennial Total				625		264

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Tax Revenue		X
Information Technology		X
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Restrict Misc. Special Revenue	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joe Harney **Date:** 5/6/2020 9:59:43 AM
Phone: 651-284-6438 **Email:** joe.harney@lbo.leg.mn

State Cost (Savings) Calculation Details

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Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc. Special Revenue		-	54	571	264	-
Total		-	54	571	264	-
Biennial Total				625		264
2 - Revenues, Transfers In*						
Restrict Misc. Special Revenue		-	54	571	264	-
Total		-	54	571	264	-
Biennial Total				625		264

Bill Description

HF 4597, Section 1, amends the Advance Deposit Wagering regulatory fee in MN Stat 240.131 Subd. 7(a) from 1% to 2% of the total amount of monthly pari-mutuel wagering conducted by a Class C licensee until December 31, 2021.

Assumptions

The COVID-19 pandemic has placed an unprecedented financial burden on the Class A and Class B pari-mutuel horse racing licensees in Minnesota through a loss in revenue from live and simulcast pari-mutuel wagering. HF 4597, Section 1, amends the Advance Deposit Wagering regulatory fee in MN Stat 240.131 Subd. 7(a) from 1% to 2% of the total amount of monthly pari-mutuel wagering conducted by a Class C licensee until December 31, 2021.

The Minnesota Racing Commission would allocate 100% of the new revenue to reduce the regulatory costs paid by the Class A and Class B pari-mutuel horse racing licensees as per MN Stat 240.155 for the calendar year 2020 and 2021 race seasons. These costs for live racing include but are not limited to, services provided by veterinarians, racing officials, medical testing of horses, and other regulatory costs.

Expenditure and/or Revenue Formula

Due to projected increases pari-mutuel wagering conducted through Advance Deposit Wagering licensees, we estimate that the regulatory fee increase in HF 4597 would generate an additional \$54,000 in additional regulatory fees in Fiscal Year 2020, \$571,000 in Fiscal Year 2021, and \$263,700 in Fiscal Year 2022.

The increased Advance Deposit Wagering regulatory fees in HF 4597 would expire on December 31, 2021 and would therefore not extend past Fiscal Year 2022.

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Bob Schiewe

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 Agency: **Public Safety Dept**

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Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Adam Blom **Date:** 5/5/2020 8:57:37 AM
Phone: 651-284-6542 **Email:** adam.blom@lbo.leg.mn

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

HF4597-1UE relates to horse racing; modifying provisions relating to wagering and simulcasting; providing for certain waivers and expenditures.

Assumptions

The amendment deletes the original proposed language related to Section 5, Sub2. (b), subsequently there is no fiscal impact to the Alcohol and Gambling Enforcement Division.

b) An agent approved by the commission, for the purpose of facilitating wagering, may, by any means, accept and place wagers for a client, present at the racetrack or not, utilizing the client's established account, provided that the agent, or an employee thereof, is physically present at the racetrack at the time of the transaction, that the transaction is pursuant to a contract approved by the commission, and that no credit is extended

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Carla Cincotta (651-201-7534)

Agency Fiscal Note Coordinator Signature: Larry Freund

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