

HF3545 - 0 - Horse Racing Breeder Fund Modified

Chief Author: **Ami Wazlawik**
 Committee: **State Government Finance and Policy**
 Date Completed: **3/17/2022 12:20:18 PM**
 Agency: **Racing Commission**

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	FY2021	FY2022	FY2023	FY2024	FY2025
Restrict Misc. Special Revenue	-	-	184	193	203	
Total	-	-	184	193	203	
Biennial Total			184		396	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
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: Joel Enders **Date:** 3/17/2022 12:20:18 PM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

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		FY2021	FY2022	FY2023	FY2024	FY2025
Restrict Misc. Special Revenue	-	-	-	184	193	203
Total	-	-	-	184	193	203
	Biennial Total			184		396
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc. Special Revenue	-	-	-	184	193	203
Total	-	-	-	184	193	203
	Biennial Total			184		396
2 - Revenues, Transfers In*						
Restrict Misc. Special Revenue	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total			-		-

Bill Description

This bill amends Minn. Stat. 240.131, Subd. 7 to allow the Minnesota Racing Commission to use Advance Deposit Wagering Breeders’ Fund Administrative Fees to support racehorse adoption, retirement, and repurposing in addition to current uses.

Assumptions

Assumption is that Advance Deposit Wagering revenues will increase by 5% each year over the previous fiscal year from 2023-2025.

Assumption is that no funds will be expended in Fiscal Year 2022.

Assumption is that up to \$100,000 per year from existing funds will be used in each year in fiscal years 2023-2025. The current balance of G05ADWB was \$489,341.61 as of March 1, 2022.

Since the Minnesota Racing Commission is currently utilizing less than 20% of the Advance Deposit Wagering Breeders’ Fund Administrative Fees for administering the Breeders’ Fund and to promote horse breeding in Minnesota, the assumption is that the Minnesota Racing Commission would utilize up to 50% of the Advance Deposit Wagering Breeders’ Fund Administrative Fees for racehorse adoption, retirement, and repurposing.

Assumption is that there will be no additional costs to the Commission in awarding grants for racehorse adoption, retirement, and repurposing since this is already being conducted pursuant to Minn. Stat. 240.22(a).

Expenditure and/or Revenue Formula

New initiative expenditures were calculated based on 5% increase in expected revenues for FY23-25 and multiplied by 50%.

Fiscal Year	Estimated Revenues	New Initiative Expenditures (50% of Estimated Revenues)	Expenditures from Existing Funds	Total Expenditures
FY23	\$367,574.49	\$183,787.24	\$100,000	\$283,787.24

FY24	\$385,953.21	\$192,976.61	\$100,000	\$292,976.61
FY25	\$405,250.87	\$202,625.44	\$100,000	\$302,625.44

Long-Term Fiscal Considerations

Utilizing a maximum of 50% of the new revenues should ensure long-term health of the account and should allow for potential increases in current statutory uses of the fund.

Local Fiscal Impact

References/Sources

- Minnesota Racing Commission Monthly Advance Deposit Wagering Reports
- Minnesota Racing Commission data on G05ADWB usage.

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