

**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
<b>Racing Commission</b>	-	-	-	-	-	-
<b>Restrict Misc. Special Revenue</b>	-	-	-	-	-	-
<b>State Total</b>						
<b>Restrict Misc. Special Revenue</b>	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

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

**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.

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

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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
Restrict Misc. Special Revenue	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

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

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

**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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**Date:** 5/5/2020 3:24:58 PM

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 Agency: **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
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total</b>	-	-	-	-	-	-

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

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

**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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**Date:** 5/4/2020 8:48:31 PM

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