



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: HB 738 HLS 20RS 1243
Bill Text Version: REENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.: REVISED

Date: May 26, 2020 5:56 AM Author: MILLER, D.
Dept./Agy.: Racing Commission Analyst: Monique Appeaning
Subject: Horse Racing Revenue Allocation

RACING/HORSE RE SEE FISC NOTE OF EX Page 1 of 2
Provides relative to horse racing

Proposed law amends and reenacts specific parts of present law relative to horse racing. Proposed law provides for transfer of slot machine proceeds, transfer of races, monies earned for purse supplements from video draw poker device revenues, distribution of video draw poker device revenues at licensed eligible facilities, and purse supplements for quarter horse and thoroughbred races. Proposed law provides that net video draw poker device revenues at the licensed eligible facility located in Orleans Parish shall be disbursed and used as follows: 12.5% used to supplement purses for quarter horse races at that licensed eligible facility, or as authorized by present law, not to exceed one million per state fiscal year (of this amount 25% each state fiscal year shall be distributed to satisfy the class judgment in the case of John L. Soileau, et al. versus Churchill Downs Louisiana Horseracing Company, LLC, Churchill Down Louisiana Video Poker Company, LLC) and the remainder the purse supplements shall be allocated to thoroughbred horse races at that licensed eligible facility, or as authorized by present law, per state fiscal year. For licensed eligible racing facilities required to run more than twenty quarter horse racing days, 30% of monies earned for purse supplements shall be used for quarter horse races at that licensed eligible facility, or as authorized in present law, and 70% shall be used to supplement purses for thoroughbred races in the same manner.

Table with 7 columns: EXPENDITURES, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total. All values are \$0.

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law gives the Racing Commission, with agreement of the Horsemen's Benevolent and Protective Association and involved licensed eligible facilities, the discretion to approve or not approve the transfer of slot machine proceeds received for quarter horse purses from one licensed eligible facility to another licensed eligible facility to supplement quarter horse purses at a quarter horse race meet. The Racing Commission would, at its discretion, approve or not approve any purse fund transfer at its public meetings, but this action would not add cost to the Racing Commission. The Racing Commission will not need additional personnel as a result of the proposed law as it already performs this approval function for thoroughbred purse funds at scheduled public meetings.

Proposed law provides that at the licensed eligible facility located in Orleans Parish: (a) Twelve and one-half percent of the monies earned for purse supplements from video draw poker devices shall be used to supplement purses for quarter horse races at that licensed eligible facility, or as authorized by R.S. 4:147.1, up to a maximum of one million dollars per state fiscal year, of which twenty-five percent for each state fiscal year shall be distributed to the Horsemen's Benevolent and Protective Association, 1993 Inc., to be used to satisfy the 'Settlement Amount' of \$1,000,000, as defined in and pursuant to the Class Action Settlement Agreement approved by the court in the lawsuit Soileau v. Churchill Downs La. Horseracing Co., et al, Parish of Orleans, Civil District Court, Division G, No. 2014-3873; (b) The remainder of the monies earned for such purse supplements shall be allocated to purse supplements for thoroughbred horse races at that licensed eligible facility, or as authorized by R.S. 4:147.1 per state fiscal year.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. Proposed law allows for the transfer of slot machine proceeds received for quarter horse purses from one licensed eligible facility to another licensed eligible facility to supplement quarter horse purses at a quarter horse race meet with the Racing Commission's approval, and upon agreement of the Horsemen's Benevolent and Protective Association and involved licensed eligible facilities. Any of these purse supplement transfers would not create an anticipated change in revenue because it would only affect the amount of money that race winners would receive, though the receiving licensed eligible facilities would use purse supplement transfers as an attempt to attract more horsemen to participate in their races with enhanced purses. Proposed law changes how much of the purse supplement from video draw poker funds would be allocated to quarter horse race purses and thoroughbred race purses for licensed eligible racing facilities required by law to run 20 quarter horse racing days. The allocation of video poker draw funds for purse supplements would not create an anticipated change in revenue because it would only affect the amount of money that race winners would receive.

Senate Dual Referral Rules
13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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Staff Director



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CONTINUED EXPLANATION from page one:
EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Proposed law changes how much of the purse supplement from video draw poker funds is allocated to quarter horse race purses and thoroughbred race purses for licensed eligible racing facilities required by law to run 20 quarter horse racing days. This will not create more cost or work for the Racing Commission, which already has staff and an implemented system to help facilitate the distribution of purse supplements.

Senate

Dual Referral Rules

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