

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$764,550	\$764,550	\$764,550	\$764,550
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$764,550	\$764,550	\$764,550	\$764,550

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 877 amends various sections related to horseracing.

LB 877 identifies that a violation made by commission from section 2-1219 is considered cause for removal. Subsections (2) through (5) of section 2-1219 are amended to include commissioners in such prohibited activities.

LB 877 amends the requirements for appointing commissioners, no longer requiring a member to represent an organization of licensed owners or horse trainers in Nebraska, but instead just requiring the commissioner has experience in the Nebraska horseracing industry. Additionally, LB 877 requires the commission to meet at least 8 times per year. Prior to this, there was no minimum amount of annual meetings for the commission.

LB 877 increases the maximum fine that can be imposed by the commission on racing industry participants from \$5,000 to \$25,000. For decisions made by the board of stewards, delegated by the commission, the maximum fine that can be imposed is decreased from \$15,000 to \$5,000. Decisions made by the board can be appealed to the commission.

LB 877 requires that, for any person applying to be employed by, hold a license for, or manage a horserace meeting or racetrack, they must be between the ages of 16 and 75.

Under LB 877, beginning Jan 1, 2026, licensed racetracks must hold a minimum of five live racing days per year. For licensed racetracks in existence and operational after the effective date of LB 877, the minimum is 1 race day annually for the first years of operation and 5 race days each year after. Violation of this rule is subject to discipline by the commission.

LB 877 increases the severity of the crime for making a pari-mutuel wager under the age of 21 from a Class I misdemeanor to a Class IV felony. Other violations in sections 2-1215 and 2-1217 are similarly changed. The severity of a violation for falsifying or concealing information related to a registered animal is changed from a \$10,000 and/or 5 year imprisonment to a Class III felony.

LB 877 increases the tax imposed on pari-mutuel wagering from 0.64% to 2.00%. Additionally, the live race day cost for licensees hosting intrastate simulcasting is increased from \$50 to \$100. For all other live race days, the cost is increased from \$25 to \$50.

LB 877 amends the required audit report for the commission to be annually required by March 30, instead of after each race meeting.

LB 877 strikes language prohibiting race meets on Sundays.

Lastly, LB 877 amends the Racing and Gaming Commission's Cash Fund to be the Racing and Gaming Commission's Racing Cash Fund.

The Racing and Gaming Commission estimates an increase of \$761,600 in revenue collected on the pari-mutuel wager, and an increase of \$2,950 on the race day fees. Additionally, the commission estimates that increase in fine amounts will generate \$5,000 in revenue, which would be split by the school districts where violations occurred. There is no basis to disagree with these estimates.

The commission estimates a need for multiple personnel to implement LB 877. For FY22-23, the commission would need 2.0 FTE Investigators, 1.0 FTE Equine Medical Director, and 2.0 FTE Veterinarians. For FY23-24, the commission would need an additional 2.0 FTE Investigators. Personnel expenditures total \$427,440 in FY22-23 and \$517,000 in FY23-24. These personnel costs and the remaining cash fund revenue would need to be appropriated to the Racing and Gaming Commission's Racing Cash Fund to authorize use of the revenue gained by LB 877.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 877	AM:	AGENCY/POLT. SUB: Nebraska Racing and Gaming Commission	
REVIEWED BY:	Jacob Leaver	DATE: 1/19/2022	PHONE: (402) 471-4173
COMMENTS: Concur with the Nebraska Racing and Gaming Commission's estimate of fiscal impact to the agency as a result of LB 877. Technical Note: The Cash Fund Expenditures in FY 2022-23 and Cash Fund Revenue in FY 2023-24 do not match the Total Funds for those columns. I am assuming the \$5,000 in the Other Funds Revenue FY 2022-23 and Other Funds Expenditures FY 2023-24 need to be in the mentioned columns in the previous sentence. This would match the Cash Funds to the Total Funds.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 877	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY:	Jacob Leaver	DATE: 1/19/2022	PHONE: (402) 471-4173
COMMENTS: No basis to dispute with the Department of Revenue's estimate of no fiscal impact to the agency as a result of LB 877.			

Please complete ALL (5) blanks in the first three lines.

2022

LB⁽¹⁾ 877

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Racing and Gaming Commission

Prepared by: ⁽³⁾ Tom Sage Date Prepared: ⁽⁴⁾ 1-17-2022 Phone: ⁽⁵⁾ 402-471-4155

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>\$764,550</u>	<u>\$764,550</u>	<u>\$764,550</u>	<u>\$764,550</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS		<u>\$5,000</u>	<u>\$5,000</u>	
TOTAL FUNDS	<u><u>\$769,550</u></u>	<u><u>\$769,550</u></u>	<u><u>\$769,550</u></u>	<u><u>\$769,550</u></u>

Explanation of Estimate:

The first part of LB877 which could have a change in fuds in the increase in fines for administrative fines. The fines go to the school districts where the violations occur. In 2021 there were 10 fines asserted at the steward's level and three at the Commission level. We have determined an estimate for potential increase in funding for the school districts and have put those increases under other. This is only an increase in the maximum that can be fined.

The second part of LB877 would be increasing funding for the Commission. Currently the Commission receives .64 of one percent of the parimutuel handle. In calendar year 2021 the handle was \$56,000,000 The total revenue was \$358,400. Using 2021 numbers the projected increase with LB 877 would be 1,120,000.

The third change would be the licensing fees. These fees would increase from \$50 per race day to \$100. The number of race days project to be ran in calendar year 2022 in 59. So, this increase will be \$5,900.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Investigators	<u>2</u>	<u>4</u>	<u>\$90,000</u>	<u>\$180,000</u>
Equine Medical Director (DVM)	<u>1</u>	<u>1</u>	<u>\$100,000</u>	<u>\$100,000</u>
Veterinarian	<u>2</u>	<u>2</u>	<u>\$160,000</u>	<u>\$160,000</u>
Benefits.....			<u>\$77,440</u>	<u>\$77,000</u>
Operating.....			<u>\$154,610</u>	<u>\$196,550</u>
Travel.....			<u>\$50,000</u>	<u>\$50,000</u>
Capital outlay.....			<u>\$12,500</u>	<u>\$6,000</u>

Aid.....
Capital improvements.....
TOTAL.....

0

\$125,000

\$796,550

0

\$90,000

\$796,550
