Individual State Agency Fiscal Note

Bill Number: 1327 HB	Title: Horse racing	Agency: 185-Horse Racing Commission

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

House Bill 1327 seeks to amend various sections of the Horse Racing Commissions governing RCWs.

Of financial consequence to the Washington Horse Racing Commission (WHRC) are:
- Section 3 amends RCW 67.16.050 removing the variable rate on licenses to hold live race meets, fixing the amount at $500per day. The variable rate made licensing revenues inconsistent year-over-year, ranging from $9,000 to $22,500 depending on the state of the horse racing industry. Passage of this legislation would fix the Commission's live race licensing revenue expectations at the $22,500 amount.

- Sections 8(1)(a) and 8(1)(b) lowers the threshold of total in-state pari-mutuel receipts at which WHRC's entitlement to 1.8% of parimutuel collections becomes 1.3%. Threshold is currently set at $50 million in a calendar year, this legislation would lower the threshold to $20 million. In recent years, the industry has oscillated between being over and under the threshold. Lowering the threshold would effectively fix the Commission's share of parimutuel at 1.3%, making revenue expectations for both the industry and the Commission more predictable.

- Section 8(4)(b) authorizes WHRC to shift balances in excess of $180,000 from the Horse Racing Class C Purse Fund to the Commission's Operating Account in years without non-profit (class C) race meets. This would likely allow the Commission to shift $130,000 to the Operating account in the first year after legislation goes into effect. Further transfers are likely, but amounts are indeterminate.

- Section 15 increases the amount WHRC is allowed to grant out to private entities for the purpose of developing the horse racing industry and assisting equine health/safety projects from $300,000 to $500,000. The Commission only awards grants when the Commission has excess revenues, or the State has provided funding for industry grants. For this reason, this Section will not directly increase the Commission's expenditures, simply allow it to grant more when conditions allow it.

In total, the actual fiscal impact of this legislation is difficult to determine. The proposed updates to WHRC's RCWs would make the Commission's revenues more predictable and consistent, but don't directly increase or decrease receipts. Whether the Commission see increased or decreased revenues during any given year depends on the state of the industry at that time.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Per Section 15 which increase the Commission's granting authority from $300,000 to $500,000 could result in great expenditures under certain conditions. The Commission only awards grants when the Commission has excess revenues, or the State has provided funding for industry grants. For this reason, Section 15 will not directly increase the Commission's expenditures, simply allow it to grant more when conditions allow it.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.