



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4526 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Representative Gary Randall
House Committee: Regulatory Affairs
Senate Committee: Agriculture and Forestry

CONTENT

The bill would repeal the Racing Law of 1980 (including the current tax on total wagering on live racing) and create the "Horse Racing Law of 1995", which would reenact many provisions of the Racing Law of 1980 and would permit the Racing Commissioner to authorize the simulcasting of races; establish the "Michigan Agriculture Equine Industry Development Fund"; and require a licensee to have a contract with a certified horsemen's organization before it could conduct live or simulcast horse races. The bill would replace the current tax on live racing wagering with a tax on simulcasting of races. During 1996, each holder of a license would have to pay to the State Treasurer, from the holder's commission, a tax in the amount of 2.5% of all money wagered on interstate and intertrack simulcast races conducted at the holder's race meetings. For 1997 and each year thereafter, the tax rate would increase to 3.5% of all money wagered in that year. The bill would take effect January 1, 1996.

Legislative Analyst: L. Arasim

FISCAL IMPACT

State. The State received \$14,753,100 from horse racing revenues for FY 1994-95. For October 1996, revenues were down 18% from the same period in 1995. If this trend continues, the State will receive \$12,097,542 horse racing revenues in FY 1995-96. Under the proposed bill, the State would receive \$10,835,396 for FY 1995-96 and \$14,697,900 by FY 1997-98. See the following table for the net revenue loss and expenditure adjustments.

State Net Revenues and Expenses:

FY 1995-96 Current (Estimate 18% below FY 1994-95)	\$12,097,500
FY 1995-96 H.B. 4526 (Estimate)	<u>10,835,400</u>
Net Revenue Loss	\$(1,262,100)
Revenue from Fines	+ 25,000
Elimination of Grants to Cities with Racetracks	+1,500,000
10.0 FTEs	- 600,000
1 Steward	<u>- 187,000</u>
Net Effect on the State for FY 1995-96	\$(524,100)

Local. The townships and cities that have race tracks and receive grants would realize an increase totaling \$1,027,600 for FY 1995-96 and \$1,923,800 for FY 1996-97 from the breaks, which would be paid directly to the cities and townships in lieu of being appropriated annually as is the case currently.

Date Completed: 12-12-95

Fiscal Analyst: A. Rich

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.