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House Bill 5407 (Substitute S-1 as passed by the Senate)
Sponsor: Representative George Cushingberry
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 4-30-10

CONTENT

House Bill 5407 (S-1) would provide both positive and negative supplemental appropriations for fiscal year (FY) 2009-10 for State regulatory and promotional programs concerned with the horse racing industry. The bill would provide a Gross increase of \$306,684 to the Office of Racing Commissioner (ORC). The ORC was transferred by Executive Order 2009-45 from the Michigan Department of Agriculture (MDA) to the Department of Treasury and was originally appropriated for FY 2009-10 within the MDA at a level of \$1,785,000, funded 100% by restricted Agriculture Equine Industry Development Fund (AEIDF) revenue. The bill would add \$282,684 in AEIDF revenue and \$24,040 in Industry Support funds for Treasury's ORC operation to ensure that a total of 217 race dates at the State's six horse race tracks can be held. The bill also would adjust appropriations amounts downward for various racing-related lines within the MDA and Treasury budgets to reflect a projected decrease of overall AEIDF revenue from \$7.5 million to \$6.1 million for FY 2009-10. In total, the bill would decrease Gross appropriations by \$1,385,850 in restricted funds. Table 1 below summarizes the changes in line-item appropriations contained in the bill.

Boilerplate Language Sections

Sec. 201: Reports on total State spending and payment to local units of government.

Sec. 202: Subjects the appropriations in the bill to provisions of the Management and Budget Act.

Sec. 203: Requires departments to fulfill reporting requirements by use of the internet.

Sec. 210: Provides that if AEIDF revenue exceeds appropriations for FY 2009-10, up to \$308,688 must be allocated to Standardbred Purses and Supplements, up to \$202,302 to Standardbred Breeder's Awards, up to \$40,896 to Licensed Tracks – Light Horse Racing, and up to \$190,844 to Thoroughbred Programs for FY 2010-11, using the Contingency Fund transfer process.

Sec. 250: States intent that the appropriation provided in Part 1 to the ORC is to ensure a total of 217 racing dates for FY 2009-10, including 62 at Hazel Park, 11 at Mount Pleasant Meadows, 32 at Northville Downs, 35 at Northville Racing Corp., 43 at Pinnacle Race Course (subject to the requirements for an agreement between the Michigan Thoroughbred Owners and Breeders Association and the Horseman's Benevolent and Protection Association for regulatory expenses to allow for 31 of these race dates), and 34 at Sports Creek Raceway; and requires the ORC to use the funding to provide the regulatory functions necessary for the conduct of horse racing, including reimbursing all laboratory fees charged by the MDA.

Sec. 251: Requires a report prepared by the Michigan Gaming Control Board, in conjunction with the MDA and certified horsemen's organizations, on the status of the transfer of the ORC to the Michigan Gaming Control Board pursuant to Executive Order 2009-45. The report would be due by September 1, 2010, and would have to include a discussion of efforts to use efficient methods of regulating and promoting the horse racing industry, and a comparison of Michigan with other states regarding horse racing industry regulation and promotion.

Sec. 252: Requires the Michigan Gaming Control Board to use actual expenditure data in determining the regulatory costs of conducting racing dates, considering type and breed-specific requirements, and to provide the data to the Legislature. If a certified horsemen's organization funded more than the actual regulatory costs of racing, then additional dates would be provided, and should the reverse occur, fewer future race dates would be provided—but only after the Board notified the affected organization and gave it an opportunity to respond.

Table 1

House Bill 5407 (S-1) FY 2009-10 Supplemental Appropriations (actual dollars)			
Department of Agriculture	FY 2009-10 YTD	HB 5407 (S-1)	REVISED YTD
Fairs and racing	\$496,500	(\$34,755)	\$461,745
Purses and supplements - fairs/licensed tracks	1,019,100	(203,820)	815,280
Licensed tracks - light horse racing	56,800	(52,256)	4,544
Standardbred breeders' awards	416,700	(285,642)	131,058
Standardbred purses and supplements - licensed tracks	769,400	(462,568)	306,832
Standardbred sire stakes	348,300	(69,660)	278,640
Standardbred training and stabling	15,500	(3,100)	12,400
Thoroughbred owners' awards	53,300	(10,660)	42,640
Thoroughbred program	1,032,000	(397,244)	634,756
Thoroughbred sire stakes	356,900	(71,380)	285,520
Distribution of outstanding winning tickets	500,000	(56,089)	443,911
Information technology – MDA	1,540,300	(21,320)	1,518,980
Department of Treasury			
Racing commissioner	1,785,000	306,684	2,091,684
Information technology – Treasury	<u>\$17,384,600</u>	<u>(\$24,040)</u>	<u>\$17,360,560</u>
Total Line-Item Appropriations	\$25,774,400	(\$1,385,850)	\$24,388,550

FISCAL IMPACT

The bill would reduce total Gross appropriations by \$1,385,850 in restricted revenue, yet would add \$306,684 Gross (\$282,684 in AEIDF revenue and \$24,000 in Industry Support funds) to the ORC operation within the Department of Treasury, allowing 217 horse racing dates to be held in FY 2009-10.

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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.