

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2015 REGULAR SESSION**

**REVISED**

**MEASURE**

2015 BR NUMBER 0262

HOUSE BILL NUMBER 134 HCS 1

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** An ACT relating to pari-mutuel wagering and declaring an emergency.

**SPONSOR** Representative Keene

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: Kentucky Horse Racing Commission

FUND(S) IMPACT:  GENERAL     ROAD     FEDERAL     RESTRICTED AGENCY Kentucky Horse Racing Commission     OTHER

**FISCAL SUMMARY**

FISCAL ESTIMATES	2014-2015	2015-2016	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$802,300)	
EXPENDITURES			
NET EFFECT		(\$802,300)	

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** The purpose of this measure is to exclude any two day international horse racing event that distributes in excess of \$20,000,000 in purses and awards from the pari-mutuel tax.

**PROVISIONS/MECHANICS:** Section 1 of this measure amends KRS 138.510 to exclude two day international horse racing events that distribute over \$20,000,000 in purses and awards from the pari-mutuel tax and exempting the amount wagered at the track hosting the event from their daily average live handle. This change is time sensitive, in force from January 1st, 2015 to December 31st, 2017.

Section 2 declares an emergency and makes the bill law upon signing by the Governor.

**FISCAL EXPLANATION:** The effect of this measure would be to reduce the amount of pari-mutuel taxes that the Kentucky Horse Racing Commission (KHRC) brings in to fund their various programs, such as the Equine Drug Research Counsel Council, etc. Based on historical

information, we estimate that exempting these events from the pari-mutuel taxes will result in a loss of \$189,300 in General Fund per exempted event. The exact amount would depend on the number of events and the amounts wagered. The lost tax revenue would lower Equine Drug Research by \$49,300, Equine Industry Program by \$92,400, Thoroughbred Development Fund by \$422,000, and the Higher Education Trust and Revolving Fund by \$49,300. The cumulative impact of the pari-mutuel tax exemption would lower revenue by \$802,300 per exempted event.

**DATA SOURCE(S): Public Protection Cabinet, LRC Economist's Office, LRC Appropriations and Revenue Staff**

**PREPARER: Justin Perry NOTE NUMBER: 49 REVIEW: GMR DATE: 3/3/2015**