



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2303

PRINTERS NO. 3962

PRIME SPONSOR: Causer

COST / (SAVINGS)

| FUND | FY 2016/17 | FY 2017/18 |
|----------------------------|------------|------------|
| Pennsylvania Breeding Fund | \$0 | \$0 |

SUMMARY: House Bill 2303, Printer's Number 3962, repeals the Race Horse Industry Reform article in the Administrative Code, inserts it in the Agriculture Code and provides for Breeding Fund awards.

ANALYSIS: This bill repeals the Race Horse Industry Reform article from the Administrative Code and inserts it as Chapter 93 in Title 3 (Agriculture). All language creating the horse racing section in the Administrative Code remains the same as that which went into effect on February 23, 2016, except for revised language in Section 9336 related to the Pennsylvania Breeding Fund, a restricted account in the State Racing Fund.

Section 9336 outlines the disbursement of awards to breeders and owners of certain winning race horses which will be consistent with how it operated prior to February 23, 2016. Beginning January 1, 2017, awards to breeders of horses finishing first, second or third in any race by Pennsylvania-bred horses sired by a registered Pennsylvania sire are increased from 30% to 40% of the purse. Awards to breeders of horses finishing first, second or third in any race by Pennsylvania-bred horses not sired by a Pennsylvania sire remain at 20% of the purse. Awards to owners of Pennsylvania sires finishing first, second or third in any race by Pennsylvania-bred horses remain at 10% of the purse.

Additional language provides for "an award of 10% of the purse earned by any registered Pennsylvania-bred thoroughbred race horse that finishes first in any race not restricting entry to registered Pennsylvania-bred thoroughbred race horses conducted by a licensed racing entity under this chapter shall be paid to the owner of the registered Pennsylvania bred thoroughbred race horse at the time of winning. A single award under this paragraph may not exceed 0.5% of the total annual fund money."

Beginning in January 1, 2017, any year when there is at least \$10,000,000 more than the amount deposited into the Pennsylvania Breeding Fund in 2016, remaining funds shall be used from the Pennsylvania Breeding Fund each year after the deduction of expenses related to the administration and development of the Pennsylvania Breeding Fund Program. The remaining funds shall be divided among the licensed racing entities in direct proportion to the rate by which each licensed racing entity generated the funds, and are used for owners as follows:

1. Fifty percent to owner bonus or to pay purses for races restricted to Pennsylvania-bred thoroughbred race horse sired by a registered Pennsylvania sire.
2. Fifty percent to owner bonus or to pay purses for races restricted to Pennsylvania-bred thoroughbred race horse.
3. In all claiming and nonclaiming races which prefer registered Pennsylvania-bred thoroughbred race horses as starters, if eight or more registered Pennsylvania-bred thoroughbred race horses pass the entry box, the race shall be considered closed to horses other than registered Pennsylvania-bred thoroughbred race horses.

Funds due to licensed entities that are not expended in the calendar year shall remain in the account and can be "expended during the succeeding year in addition to the licensed racing entities' fund money annually due to them for purses."

This legislation would take effect immediately upon enactment, specifically the transfer of the Administrative Code language related to Race Horse Industry Reform to Title 3 as currently in effect. However, subsections under Section 9336 addressing the Pennsylvania Breeding Fund are retroactive to February 23, 2016, while others shall apply January 1, 2017.

FISCAL IMPACT: Enactment of this legislation will have no impact on Commonwealth funds. The changes outlined in the bill do not increase or transfer funds, but addresses the percentages related to award distributions to winning horses. The Pennsylvania Breeding Fund currently has a balance of \$13.9 million and is supported by revenue from the Racing Fund.

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House Appropriations Committee (R)

DATE: October 17, 2016

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.