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FISCAL IMPACT STATEMENT

LS 6353

BILL NUMBER: HB 1046

NOTE PREPARED: Dec 15, 2011

BILL AMENDED:

SUBJECT: Unclaimed Pari-mutuel Tickets.

FIRST AUTHOR: Rep. Lutz

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires a permit holder to transfer the balance on unclaimed pari-mutuel wagering tickets at the permit holder's racetrack and satellite facilities to the Department of State Revenue. It requires the Department to annually distribute the money to the county treasurer of the county in which the permit holder's racetrack is located. It requires the distributions to be deposited in a county road improvement fund. It requires money in the fund to be used for the construction, maintenance, and improvement of highways, roads, and bridges. It prohibits expending money in the fund on the salaries or wages of county employees or on the administrative expenses of county highway departments. It also makes an appropriation.

Effective Date: July 1, 2012.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary* - The bill would eliminate the distribution of revenue from "outs tickets" generated at the racetracks and off-track betting facilities (OTBs) to the breed development funds beginning in FY 2013. It is estimated that the breed development funds would lose approximately \$598,000 in FY 2013 due to the distribution change, with the revenue loss declining annually thereafter by about 6.1%. The estimated revenue loss to each fund in FY 2013 is specified in the table below.

Breed Development Fund	FY 2013 Revenue Loss
Thoroughbred Fund	\$287,000
Standardbred Fund	\$287,000
Quarter Horse Fund	\$24,000
Total	\$598,000

Background Information - “Outs tickets” are winning pari-mutuel tickets that go unclaimed for 60 days after the conclusion of the calendar year in which the ticket was purchased. Under current statute, revenue from outs tickets purchased during a calendar year must be paid by the pari-mutuel permit holder to the Indiana Horse Racing Commission (IHRC) by March 31st of the following calendar year. The outs ticket revenue must be distributed by the IHRC to breed development funds as determined by IHRC rules. Under current IHRC rules (71 IAC 12-2-15), outs ticket revenue is divided between the Standardbred Breed Development Fund (48%), the Thoroughbred Breed Development Fund (48%), and the Quarter Horse Breed Development Fund (4%).

Outs ticket revenue in FY 2011 totaled \$677,612, which was down 9.8% from the FY 2010 total. Since FY 2007, outs ticket revenue has declined by an annual average of 6.1%. Outs tickets revenue is not reported by facility (racetrack and OTB). As a result, the estimated distribution amounts to the local units are based on the distribution of the wagering handle between the different facilities.

Hoosier Park in Anderson operates OTBs in Ft. Wayne, Merrillville, and Indianapolis; and Indiana Downs in Shelbyville operates OTBs in Clarksville and Evansville

Explanation of Local Expenditures:

Explanation of Local Revenues: Summary - The bill eliminates the distribution of revenue from “outs tickets” to breed development funds and instead distributes the revenue from each racetrack and its OTBs to the county in which the racetrack is located (Madison County and Shelby County). It is estimated that outs tickets revenue in FY 2013 could potentially total \$319,000 to Madison County and \$279,000 to Shelby County. Based on recent trend in outs ticket revenue, the revenue gain could potentially decline by about 6.1% annually after FY 2013.

The bill requires each county to use the outs ticket revenue for the construction, maintenance, and improvement of highways, roads, and bridges. The bill also prohibits each county from using the revenue for salaries or wages of county employees, or the administrative expenses of a county highway department or similar entity.

State Agencies Affected: Indiana Horse Racing Commission; breed development funds; Department of State Revenue.

Local Agencies Affected: Madison County and Shelby County.

Information Sources: Auditor of State, *Revenue Trial Balance*, FY 2003-FY 2011. Indiana Horse Racing Commission, *Wagering Handle by Location*, CY 2002-CY 2010.

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