

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2532**

As Agreed to April 3, 2024

Brief*

HB 2532 would amend the Kansas Parimutuel Racing Act to credit tax revenue generated from wagers on historical horse races to the Kansas Horse Breeding Development Fund and the Horse Fair Racing Benefit Fund. One-third of the tax revenue generated from wagers on historical horse races would be credited to the Kansas Horse Breeding Development Fund and two-thirds would be credited to the Horse Fair Racing Benefit Fund.

[*Note:* Law authorizing operation of historical horse racing machines was enacted by the Legislature in 2022 House Sub. for Sub. for SB 84, which also created laws and regulations regarding sports wagering. Law concerning historical horse racing machines may be found at KSA 74-8843, which specifies that parimutuel wagering on such historical horse races shall only be conducted on approved machines operated by an organization licensee at a facility located in Sedgwick County, with a limit of 1,000 such machines at the racetrack facility.]

Conference Committee Action

The Conference Committee agreed to remove the contents of HB 2532, as amended by the Senate Committee on Financial Institutions and Insurance, and insert provisions from Senate Sub. for HB 2058, as amended by the Senate in 2023, pertaining to credit of revenue from parimutuel wagers on historic horse races. These provisions were not retained in the 2023 Conference Committee Report for Senate Sub. for HB 2058, which later became law.

Background

The Conference Committee removed the contents of HB 2532, relating to certain financial reporting requirements on group-funded liability and group-funded workers compensation pools. The Conference Committee then inserted provisions similar to the historical horse racing provisions found in Senate Sub. for HB 2058, as passed by the Senate Committee on Federal and State Affairs. The substitute bill included provisions relating to historical horse racing that were removed by the 2023 Conference Committee prior to the enactment of Senate Sub. for HB 2058. The historical horse racing provisions had been inserted from 2023 SB 293, which did not receive a hearing. The fiscal information for SB 293 is provided below.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kIRD>

Fiscal Information (SB 293)

According to the fiscal note prepared by the Division of the Budget on SB 293, as introduced, the Kansas Racing and Gaming Commission (Commission) indicates the bill has the potential to increase costs for the regulation of a fair association and nonprofit horsemen's organization and the disbursement of the parimutuel tax receipts to the Kansas Horse Breeding Development Fund and Horse Fair Racing Benefit Fund. The Kansas Horse Breeding Development Fund is used to provide purse supplements, stakes, and awards for Kansas-bred horses and research grants to Kansas Regents Institutions for equine research. The Horse Fair Racing Benefit Fund is used for fair-associated costs, including the Commission's regulatory costs, tote board expenses, background investigations for fair association or nonprofit organization members, purse supplements, operating assistance grants, employment of key race officials, and capital improvements to racetrack facilities.

The Commission assumes that existing staff would be able to accommodate the regulation of a fair association and no additional staff would be needed. Any additional costs associated with the regulation of a fair association would need to be reimbursed by the fair association. Funding for regulating racing activities has primarily come from the transfer of parimutuel tax receipts to the State Racing Fund. The bill would eliminate that direct funding source for the regulation of historic horse racing machines by distributing the parimutuel tax generated from these machines to the Kansas Horse Breeding Development Fund and the Horse Fair Racing Benefit Fund. This would require the regulation costs to be billed directly to the operator of historic horse racing machines. The appropriations bill each year provides the authority for the Commission to bill each facility for all costs related to regulating racing activity. Since an operator of historical horse racing machines has not been chosen by the Commission, it is not known if a facility would be open that only offers historical horse race machines, but no other parimutuel activity, that could produce additional parimutuel taxes that could be used to help offset the regulatory costs of the Commission.

A reliable estimate of the parimutuel tax revenue that might be generated from historical horse racing machines cannot be made without a detailed market study, which would include an estimate as to when the facility would be operational, the location of the facility, the size of the facility, and if the new facility would impact revenues from existing gaming facilities.

Local governments in a region with a fair association may see increased expenditures associated with increased demands on public safety during the operation of a fair association. However, the Commission does not have a reliable estimate of those additional costs. Any fiscal effect associated with SB 293 is not reflected in *The FY 2024 Governor's Budget Report*.

Racing and Gaming Commission; historical horse races; parimutuel wagering; Kansas Horse Breeding Development Fund; Horse Fair Racing Benefit Fund

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