

The Inside Track

Legislative Update for the Horsemen's Benevolent & Protective Association

Though it took nearly a full year to get a state budget in place for the 2015-2016 fiscal year, the 2016-2017 state budget process wrapped up by July 13, just about two weeks after the June 30 deadline.

Put Through Its Paces: 2016-2017 State Budget

The Commonwealth of Pennsylvania ends its fiscal year on June 30, and a new budget for the next year is required to be in place by July 1. This can lead to some mischief throughout the month of June, as legislators and the governor negotiate a balanced revenue package. During the final two weeks of June, the association was able to thwart efforts to balance the budget at the expense of the horse racing industry. We successfully defeated:

- Several attempts to transfer over \$180 million from the Race Horse Development Fund to the General Fund;
- Legislative efforts to expand gaming into bars, taverns and social clubs by allowing video gaming terminals;
- Attempts to allow slot machines at airports and the establishment of 10 mini-casinos across the state; and
- Amendatory language to limit the number of allowable racing days.

Then on June 30, the last day of the fiscal year, the legislature sent Gov. Wolf a General Appropriations bill with a \$31.6 billion price tag. Since at that time the legislature had not yet sent the governor a revenue package to cover the cost of the budget bill, he did not sign the bill, but withheld his signature and allowed it to become law 10 days after it had been presented to him. However, on July 13, the General Assembly wrapped up the complete 2016-2017 spending package, which increased revenue by \$1.2 billion.

Similar to last year's budget, this year's budget provides transfers from the Race Horse Development Fund as follows:

- \$5 million for the Farm Show;
- \$4 million for state fairs;
- \$11 million to the State Racing Fund (\$5.5 million of which is for the Equine Toxicology and Research Laboratory);
- \$5.309 million to Pennsylvania's veterinary laboratories; and
- \$5.35 million to the Animal Health and Diagnostics Commission.

The money from the Race Horse Development Fund is to be distributed through weekly transfers to be deposited into the Pennsylvania Race Horse Development Restricted Receipts Account. The transfers will provide \$19,659,000 over 22 weeks for agricultural programs as provided in the General

Appropriations bill and \$8,555,255 over 52 weeks to the State Racing Fund for the State Horse Racing Commission's costs to enforce new medication rules.

In order to generate \$16 million in new revenue this year, the General Assembly imposed an additional 2-percent increase on table games at casinos. The revenue package also includes a new sales tax on digital downloads, e-cigarettes and smokeless tobacco; imposes the personal income tax on cash lottery winnings; and provides for a tax amnesty program. The remainder of the revenue comes partially from newly enacted liquor reforms and the yet-to-be-enacted legalization of internet gaming. Expanded gaming had been an on-again, off-again part of the budget discussion this year, but ultimately the legislature decided to delay its consideration until fall.

Running Against the Clock: Internet Gaming and Fantasy Sports Betting Legislation

The legislature has booked \$100 million of new revenue in anticipation of gaming expansion, which will most likely include internet gaming and fantasy sports betting. However, any gaming legislation is likely to attract amendments that allow for slot machines at off-track betting sites and airports, traditional sports betting, and video gaming terminals at bars and taverns. For example, legislation introduced in the House would have required the Gaming Control Board to regulate fantasy sports contests, but when all was said and done, 250 pages of amendments included all of the measures discussed above.

There are only 10 days of session sunshined for the Senate in the fall, and the House has yet to release its schedule. Any and all legislative business will have to be wrapped up by Nov. 30, which is the constitutional end to the 2015-2016 legislative session. So any fall action expanding gaming will happen quickly this fall, if it happens at all.

In the Home Stretch: Legislation that has advanced

Despite a bill moving quickly through the legislative process between May and July, the legislative fix addressing the breeders stakes issue didn't quite make it over the finish line before the summer break. The bill, which is necessary to correct errors as to how the breeders money is distributed, is stalled in the House Rules Committee; one more vote will be necessary this fall to push the bill across the finish line and onto the governor's desk.

The Winners' Circle: Appointments and Elections

The State Horse Racing Commission met on July 27, and Thomas Chukkas has been named director for the Bureau of Thoroughbred Racing.

Additional meetings of the Commission can be found here:

<http://www.agriculture.pa.gov/Protect/RacingCommission/Pages/Current-Commision-Meeting-Dates.aspx>