

Fiscal Note

BILL # SB 1126

TITLE: equine economic improvement fund

SPONSOR: Shope

STATUS: As Introduced

PREPARED BY: Benjamin Newcomb

Description

SB 1126 would establish the Equine Economic Improvement (EEI) Fund, which would be funded by revenues from the Fantasy Sports Contest (FSC) Fund and the Event Wagering (EW) Fund. The EEI Fund is to be administered by the Arizona Department of Gaming (ADG). Each year, the fund's balance would be distributed to a recognized nonprofit horsemen's organization that has represented the horsemen participating in racing meetings since 1988. The bill also shifts monies between a variety of racing and gaming related funds. SB 1126 has a general effective date, for the purposes of this analysis we assume the new revenue distributions would start at the beginning of FY 2026.

Estimated Impact

We estimate that the bill would reduce General Fund revenues received from Fantasy Sports and Event Wagering by \$(7.3) million starting in FY 2026. Rather than be deposited in the General Fund, the FSC and EW monies would be deposited in 4 different funds as outlined in *Table 1*.

Table 1				
Fiscal Impact of SB 1126				
\$ in thousands				
	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	
General Fund	\$(7,294.1)	\$(9,684.4)	\$(12,295.4)	
Equine Economic Improvement Fund	4,779.2	6,369.8	8,107.3	
Breeders' Award Fund	2,406.3	3,203.1	4,073.5	
Arizona Stallion Award Fund	33.6	36.5	39.6	
Retired Racehorse Adoption Fund	<u>75.0</u>	<u>75.0</u>	<u>75.0</u>	
Net Impact	0.0	0.0	0.0	

Analysis

As stated above, the bill would establish the EEI Fund. In addition, the bill moves monies to and from several racing and gaming related funds. These distributions are as follows:

- Fantasy Sports Revenue – 5% of FSC Fund revenues to each of the following funds (for a combined 15% of total FSC Fund revenues): Arizona Breeders' Award Fund, Arizona Stallion Award Fund, and EEI Fund.
- Event Wagering Revenue – 5% of EW Fund revenues to the Breeders' Award Fund and 10% of EW Fund revenues to the EEI Fund (for a combined 15% of total EW Fund revenues).
- \$75,000 to the Retired Racehorse Adoption Fund, comprised of \$25,000 each from the Breeders' Award Fund, Arizona Stallion Award Fund, and the EEI Fund.



Our analysis of the proposed distributions from the FSC and EW Funds is based on the projected level of gaming revenues through FY 2028 under the January Baseline forecast. The total Gaming revenue forecast in the Baseline is shown in *Table 2* below.

Table 2			
Baseline Forecast for FSC Fund and EW Fund Revenues			
	\$ in thousands		
	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Event Wagering Fund	\$ 47,456.1	\$ 63,332.4	\$ 80,677.7
Fantasy Sports Contest Fund	1,171.5	1,230.1	1,291.6
Total Revenue	\$ 48,627.6	\$ 64,562.5	\$ 81,969.3

Under current law, 10% of FSC Fund and EW Fund revenues are retained by the Department of Gaming for administrative expenses, and 90% of FSC Fund and EW Fund revenues are transferred to the General Fund. The bill's proposed reallocations of these 2 funds would come exclusively from the 90% General Fund allocation, and would not impact the Department of Gaming administrative expenses set aside.

Since the bill's distributions from the FSC and EW Funds would have gone to the General Fund under current law, the 15% reallocation would result in a \$(7.3) million decrease in General Fund revenue in FY 2026, \$(9.7) million in FY 2027, and \$(12.3) million in FY 2028.

For the funds receiving new allocations in the bill, the additional revenue would be derived from applying the relevant percentage change less any further required distributions. For example, the FY 2026 increase to the Equine Economic Improvement Fund is calculated as follows: 5% of FSC Fund revenue (\$58,600 revenue gain) + 10% of EW Fund revenue (\$4,745,600 revenue gain) – the required \$25,000 distribution to the Retired Racehorse Adoption Fund = \$4,779,200.

Local Government Impact

None

2/7/25