

# DFA - RACING COMMISSION

## Enabling Laws

Act 4 of 2010

A.C.A. §23-110-101 - §23-110-415; A.C.A. §23-111-101 - §23-111-516; A.C.A. §23-113-101 - §23-113-604

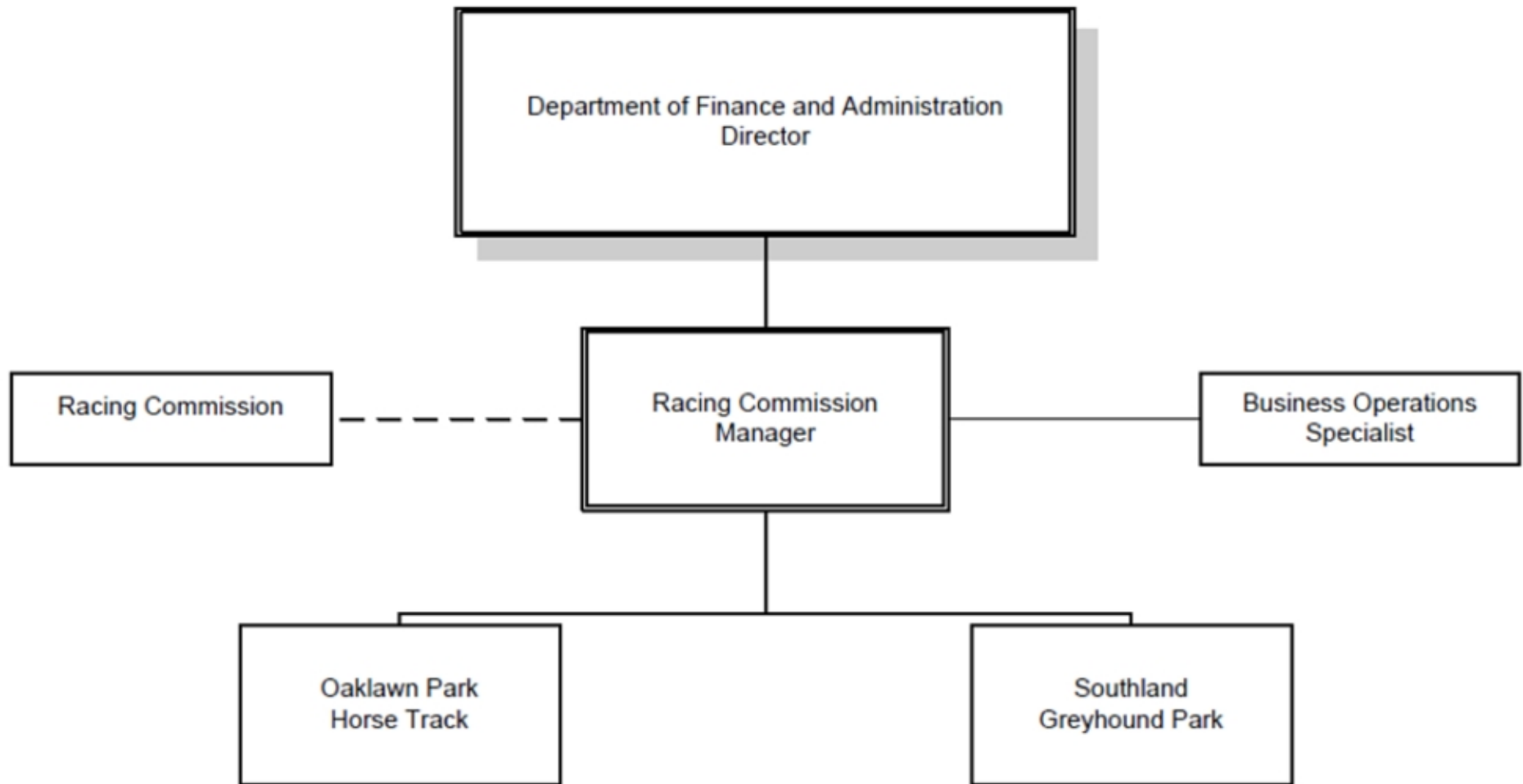
## History and Organization

The mission of the Racing Commission is to regulate thoroughbred and greyhound racing in the State of Arkansas as provided in the enabling legislation; whereby, the best interests of the State and its citizens are preserved and protected.

Amendment 46 to the Arkansas Constitution authorizes horse and pari-mutual betting in Hot Springs. Act 46 of 1935 established the Arkansas Racing Commission. The Commission is composed of five members, one from each congressional district and one at large, appointed by the Governor for terms of five years. The Commission has the sole jurisdiction over thoroughbred horse and greyhound dog racing. Acts 339 of 1935 and 191 of 1957 stipulate the rules and regulations concerning greyhound racing. The Commission is authorized to grant franchises; approve racing dates; issue permits and licenses; hold hearings and take other action as necessary to supervise, regulate and effectively control the sport of racing in the State of Arkansas.

Act 1151 of 2005, otherwise known as "Games of Skill" legislation, provided for expanded gaming at the race tracks in the State of Arkansas.

In the 2010 racing season, the Thoroughbred Owners and Breeders Association changed the protocol required for the American Graded Stakes Races. Compliance is a condition of a race maintaining its eligibility for grading. Oaklawn currently has eleven such races. The new requirements include a new pre-test known as TC02 administered about one hour before the race and a post-test that will include an additional 17 drug screenings to the current 140.



### **Agency Commentary**

The Arkansas Racing Commission is composed of five members, one from each congressional district and one at large, appointed by the Governor for terms of five years. The Commission has sole jurisdiction over thoroughbred horse and greyhound dog racing. The Commission is authorized to grant franchises, approve racing dates, issue permits and licenses, hold hearings and take other action as

necessary to effectively supervise, regulate and control the sport of racing in the State of Arkansas. Act 1151 of 2005, otherwise known as "Games of Skill" legislation, provided for expanded electronic gaming at the race tracks in the State of Arkansas.

The Racing Commission is primarily funded from general revenue. A reallocation of Operating Expenses and Conference and Travel Expenses to Professional Fees is requested to allow for the increase in legal work related to the number of appeals handled by the contract attorney, any future needs to update rule books for horse racing, greyhound racing and changes in the electronic games of skill.

Additional Operating and Conference and Travel Expenses are requested in the Cash appropriation to cover additional expenses associated with licensing employees at Oaklawn and Southland Parks.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DFA - RACING DIVISION

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Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

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Recommendations

## **Employment Summary**

	Male	Female	Total	%
White Employees	3	5	8	62 %
Black Employees	2	3	5	38 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			5	38 %
Total Employees			13	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Electronic Games of Skill Regulations	23-113-201	N	N	100	The regulations must be kept up to date and widely distributed in order to protect the State, the franchises and the gaming public from the actions of illegal/illegal actions of those playing games of skill. It also ensures operating games according to the regulations & standards prescribed by law.
Instant Racing Rules	23-113-603; 23-111-101; 23-110-101	N	N	100	The rules and regulations, when amended, must be filed as prescribed by the Arkansas Administrative Procedures Act. The franchises operating the instant racing games must have up to date regulations available for their employees at all times to insure compliance with Commission regulations.
Medication rules and Penalties for Greyhounds	23-111-204	N	N	300	The current publication of medication rules protects the health of the animals competing in the races and the participants who wager on the races. It also protects the industry by preventing the legitimate owners from being cheated by those who would drug animals.
Medication rules and Penalties for Horses	23-110-202	N	N	300	The current publication of medication rules protects the health of the animals competing in the races and the participants who wager on the races. It also protects the industry by preventing the legitimate owners from being cheated by those who would drug animals.
Pari-mutuel Wagering Rules for Greyhound Racing	23-111-101 - 517	N	N	100	The rules and regulations, when amended, must be filed as prescribed by the Arkansas Administrative Procedures Act. In addition, the franchises operating simulcast wagering must have up to date regulations available for their employees at all times to insure compliance with Commission regulations.

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Pari-mutuel Wagering Rules for Horse Racing	23-110-101 - 415	N	N	100	The rules and regulations, when amended, must be filed as prescribed by the Arkansas Administrative Procedures Act. In addition, the franchises operating simulcast wagering must have up to date regulations available for their employees at all times to insure compliance with Commission regulations.

## Department Appropriation Summary

Historical Data							Agency Request and Executive Recommendation											
Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
146 Division of Racing - Operations	1,166,536	13	1,297,073	13	1,297,357	13	1,288,204	13	1,288,204	13	1,288,204	13	1,288,204	13	1,288,204	13	1,288,204	13
7WJ License Applications	42,716	0	105,000	0	105,000	0	105,000	0	135,000	0	135,000	0	105,000	0	135,000	0	135,000	0
Total	1,209,252	13	1,402,073	13	1,402,357	13	1,393,204	13	1,423,204	13	1,423,204	13	1,393,204	13	1,423,204	13	1,423,204	13

Funding Sources		%		%			%		%		%		%		%		%
Fund Balance 4000005	200,429	13.6	262,539	15.8		257,539	15.9	257,539	15.6	257,539	15.6	222,539	14.1	222,539	13.8	222,539	13.8
General Revenue 4000010	1,166,536	79.3	1,297,073	78.2		1,288,204	79.7	1,288,204	78.3	1,288,204	78.3	1,288,204	81.5	1,288,204	80.0	1,288,204	80.0
Cash Fund 4000045	100,450	6.8	100,000	6.0		70,000	4.3	100,000	6.1	100,000	6.1	70,000	4.4	100,000	6.2	100,000	6.2
Interest 4000300	4,376	0.3	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds	1,471,791	100.0	1,659,612	100.0		1,615,743	100.0	1,645,743	100.0	1,645,743	100.0	1,580,743	100.0	1,610,743	100.0	1,610,743	100.0
Excess Appropriation/(Funding)	(262,539)		(257,539)			(222,539)		(222,539)		(222,539)		(187,539)		(187,539)		(187,539)	
Grand Total	1,209,252		1,402,073			1,393,204		1,423,204		1,423,204		1,393,204		1,423,204		1,423,204	

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
13	13	0	13	0	0.00 %	13	13	0	13	0	0.00 %	13	13	0	13	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 146 - Division of Racing - Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Racing Commission is composed of five members, one from each congressional district and one at large, appointed by the Governor for terms of five years. The Commission is authorized to grant franchises, approve racing dates, issue permits and licenses, hold hearings and take other action as necessary to effectively supervise, regulate and control the sport of pari-mutuel horse and dog racing in the State of Arkansas.

Southland Greyhound Park, in West Memphis, Arkansas, operates year-round and runs over 400 live greyhound performances each year. Oaklawn Park, in Hot Springs, Arkansas, has approximately 60 days of live thoroughbred horse racing and also offers Simulcast and Instant horse racing throughout the year. With the passage of Act 1151 of 2005 and passing of local elections, the addition of electronic games of skill at both Arkansas tracks is now allowed.

General revenue funds 100% of the Alcoholic Beverage Control Enforcement's operating budget. Currently 80% of the Agency's budget is personnel related costs with the remaining 20% maintenance and operating expenses.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency is requesting a reallocation of Operating Expense of \$13,249 and Conference and Travel Expense of \$2,950 to Professional Fees in the amount of \$16,199, which is a net Change Level of zero. This reallocation is for the contract attorney to handle the increase in legal work relating to the number of appeals. This increase will also accommodate any future needs to update rule books for horse racing, greyhound racing and changes in the electronic games of skill.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 146 - Division of Racing - Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	543,683	605,132	588,984	597,332	597,332	597,332	597,332	597,332	597,332
<b>#Positions</b>		<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
Extra Help	5010001	191,125	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
<b>#Extra Help</b>		<b>18</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
Personal Services Matching	5010003	203,861	203,694	220,126	202,625	202,625	202,625	202,625	202,625	202,625
Overtime	5010006	17,411	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Operating Expenses	5020002	178,017	223,496	223,496	223,496	210,247	210,247	223,496	210,247	210,247
Conference & Travel Expenses	5050009	768	5,950	5,950	5,950	3,000	3,000	5,950	3,000	3,000
Professional Fees	5060010	31,671	18,801	18,801	18,801	35,000	35,000	18,801	35,000	35,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,166,536</b>	<b>1,297,073</b>	<b>1,297,357</b>	<b>1,288,204</b>	<b>1,288,204</b>	<b>1,288,204</b>	<b>1,288,204</b>	<b>1,288,204</b>	<b>1,288,204</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,166,536	1,297,073		1,288,204	1,288,204	1,288,204	1,288,204	1,288,204	1,288,204
Total Funding		1,166,536	1,297,073		1,288,204	1,288,204	1,288,204	1,288,204	1,288,204	1,288,204
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,166,536</b>	<b>1,297,073</b>		<b>1,288,204</b>	<b>1,288,204</b>	<b>1,288,204</b>	<b>1,288,204</b>	<b>1,288,204</b>	<b>1,288,204</b>

The FY11 Budget amount in Regular Salaries exceeds authorized amount due to salary adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 146 - Division of Racing - Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,288,204</b>	<b>13</b>	<b>1,288,204</b>	<b>100.0</b>	<b>1,288,204</b>	<b>13</b>	<b>1,288,204</b>	<b>100.0</b>
C04	Reallocation	0	0	1,288,204	100.0	0	0	1,288,204	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,288,204</b>	<b>13</b>	<b>1,288,204</b>	<b>100.0</b>	<b>1,288,204</b>	<b>13</b>	<b>1,288,204</b>	<b>100.0</b>
C04	Reallocation	0	0	1,288,204	100.0	0	0	1,288,204	100.0

### Justification

C04	Reallocation of Operating Expenses and Conference and Travel Expenses to Professional Fees to allow for the increase in legal work related to the number of appeals handled by the contract attorney, any future needs to update rule books for horse racing, greyhound racing and changes in the electronic games of skill.
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## **Analysis of Budget Request**

**Appropriation:** 7WJ - License Applications

**Funding Sources:** NRC - DFA Racing - Cash in Treasury

Act 1151 of 2005, otherwise known as "Electronic Games of Skill" legislation, provided for expanded gaming at the race tracks in the State of Arkansas. This cash funded appropriation provides for the application process and background investigations for issuing licenses to individuals and industries in the Electronic Games of Skill areas at Oaklawn & Southland Parks.

Applicants, by regulation, are required to pay a license fee and the costs of the background investigations. License fees are deposited to general revenue. The costs of the background investigations are retained by the Department of Finance and Administration - Division of Racing to pay for the actual costs of the investigations, postage and licensing material and unexpected refunds.

The Agency is requesting a Change Level increase in Operating Expense of \$25,000 and Conference and Travel of \$5,000 to cover additional expenses associated with licensing employees at Oaklawn and Southland Parks.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 7WJ - License Applications

**Funding Sources:** NRC - DFA Racing - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	42,716	100,000	100,000	100,000	125,000	125,000	100,000	125,000	125,000
Conference & Travel Expenses	5050009	0	0	0	0	5,000	5,000	0	5,000	5,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>42,716</b>	<b>105,000</b>	<b>105,000</b>	<b>105,000</b>	<b>135,000</b>	<b>135,000</b>	<b>105,000</b>	<b>135,000</b>	<b>135,000</b>
Funding Sources										
Fund Balance	4000005	200,429	262,539		257,539	257,539	257,539	222,539	222,539	222,539
Cash Fund	4000045	100,450	100,000		70,000	100,000	100,000	70,000	100,000	100,000
Interest	4000300	4,376	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>305,255</b>	<b>362,539</b>		<b>327,539</b>	<b>357,539</b>	<b>357,539</b>	<b>292,539</b>	<b>322,539</b>	<b>322,539</b>
<b>Excess Appropriation/(Funding)</b>		<b>(262,539)</b>	<b>(257,539)</b>		<b>(222,539)</b>	<b>(222,539)</b>	<b>(222,539)</b>	<b>(187,539)</b>	<b>(187,539)</b>	<b>(187,539)</b>
<b>Grand Total</b>		<b>42,716</b>	<b>105,000</b>		<b>105,000</b>	<b>135,000</b>	<b>135,000</b>	<b>105,000</b>	<b>135,000</b>	<b>135,000</b>

## Change Level by Appropriation

**Appropriation:** 7WJ - License Applications  
**Funding Sources:** NRC - DFA Racing - Cash in Treasury

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>105,000</b>	<b>0</b>	<b>105,000</b>	<b>100.0</b>	<b>105,000</b>	<b>0</b>	<b>105,000</b>	<b>100.0</b>
C01	Existing Program	30,000	0	135,000	128.6	30,000	0	135,000	128.6

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>105,000</b>	<b>0</b>	<b>105,000</b>	<b>100.0</b>	<b>105,000</b>	<b>0</b>	<b>105,000</b>	<b>100.0</b>
C01	Existing Program	30,000	0	135,000	128.6	30,000	0	135,000	128.6

### Justification

C01	Additional Operating and Conference and Travel Expenses are requested in the Cash appropriation to cover additional expenses associated with licensing employees at Oaklawn and Southland Parks.								
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