

DFA - RACING COMMISSION

Enabling Laws

Act 30 of 2012

ACA §23-110-101 - §23-110-415; ACA §23-111-101 - §23-111-516; ACA §23-113-101 - §23-113-604

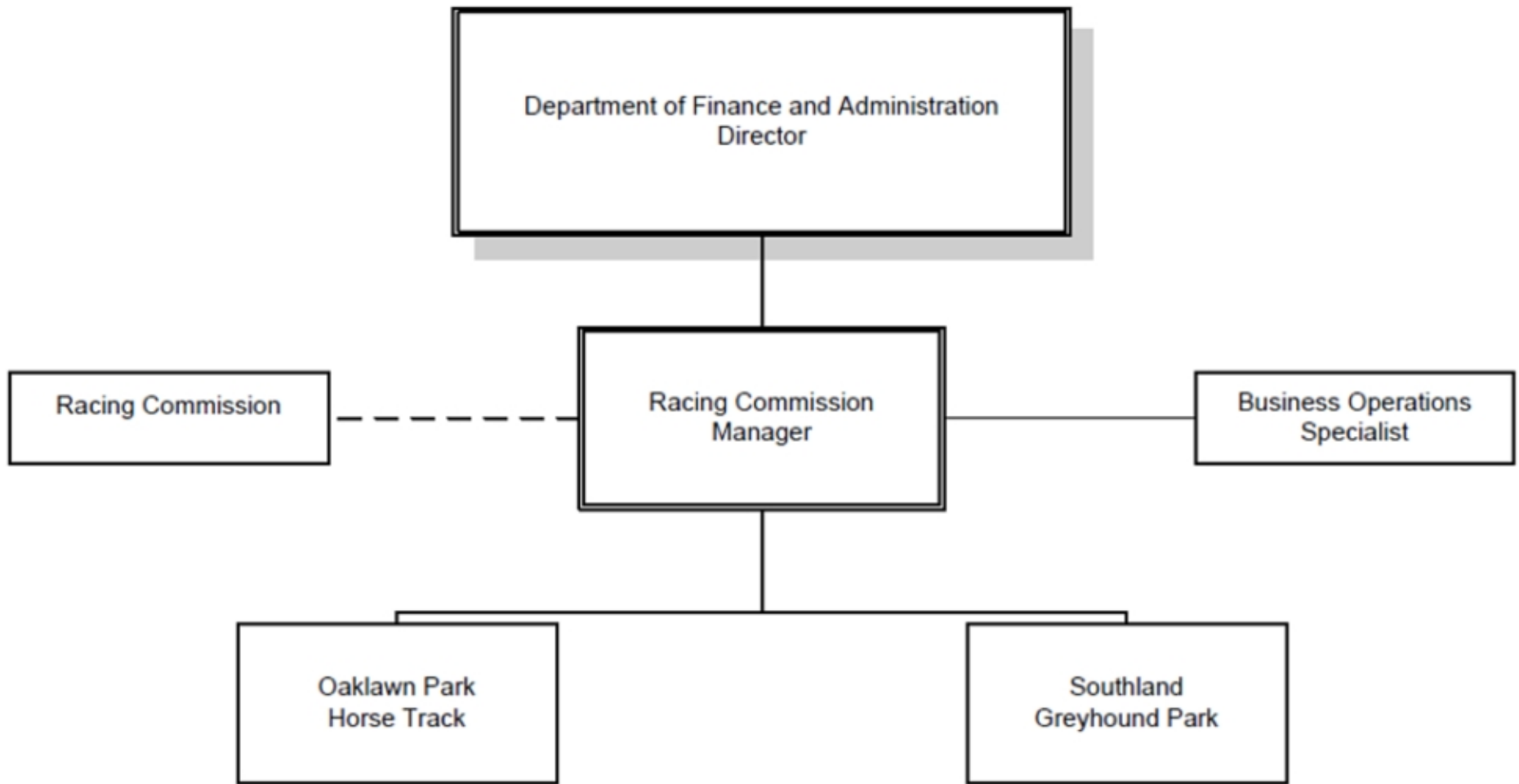
History and Organization

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-mutuel 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 State Operations appropriation is funded from general revenue. The agency is requesting a change over base level (funding and appropriation) in the amount of \$36,485 for FY14 and FY15.

- Transfer A098C Fiscal Support Specialist (C112) from DFA Management Services to the Racing Commission (\$25,268 Regular Salaries and \$11,217 Personal Services Matching)

With the constant growth of the electronic games of skill, the transfer of a current authorized position to the Commission is extremely important to stay on top of the constant change of new games submitted to place in both facilities. This position is responsible for logging in all games, assigning tracking numbers and corresponding with the vendor and the current gaming consultant. This position will allow for thorough analysis of the games and also assist in other areas of the Commission as needed.

The Racing Commission Cash Operations 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. The Base Level appropriation is sufficient for FY14 and FY15.

In conclusion, the Agency is requesting the Extra Help - Horse Racing Special Language continue with the currently authorized 22 Extra Help positions and existing titles, but remove the number of required by each title. This update allows the Agency to adjust to the changing needs of the types of positions needed each racing season. The current Pay Plan in place for the State already determines the hourly rate and no longer needs to be updated in the special language.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DFA - RACING COMMISSION
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

Audit findings are reported under DFA-Administrative Services.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	3	5	8	62 %
Black Employees	3	2	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	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	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	1,238,005	13	1,364,599	13	1,341,330	13	1,368,227	13	1,404,712	14	1,404,712	14	1,369,101	13	1,405,586	14	1,405,586	14
7WJ License Applications	63,533	0	135,000	0	135,000	0	135,000	0	135,000	0	135,000	0	135,000	0	135,000	0	135,000	0
Total	1,301,538	13	1,499,599	13	1,476,330	13	1,503,227	13	1,539,712	14	1,539,712	14	1,504,101	13	1,540,586	14	1,540,586	14

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	327,631	19.3	400,378	21.5			365,378	19.9	365,378	19.5	365,378	19.5	330,378	18.4	330,378	18.0	330,378	18.0
General Revenue 4000010	1,238,005	72.7	1,341,330	71.9			1,368,227	74.6	1,404,712	75.1	1,404,712	75.1	1,369,101	76.1	1,405,586	76.6	1,405,586	76.6
Cash Fund 4000045	130,665	7.7	100,000	5.4			100,000	5.5	100,000	5.3	100,000	5.3	100,000	5.6	100,000	5.4	100,000	5.4
Merit Adjustment Fund 4000055	0	0.0	23,269	1.2			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Interest 4000300	5,615	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	1,701,916	100.0	1,864,977	100.0			1,833,605	100.0	1,870,090	100.0	1,870,090	100.0	1,799,479	100.0	1,835,964	100.0	1,835,964	100.0
Excess Appropriation/(Funding)	(400,378)		(365,378)				(330,378)		(330,378)		(330,378)		(295,378)		(295,378)		(295,378)	
Grand Total	1,301,538		1,499,599				1,503,227		1,539,712		1,539,712		1,504,101		1,540,586		1,540,586	

FY13 Budget amount in Appropriation 146 exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
13	12	1	13	0	7.69 %	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 Arkansas Racing Commission's operating budget. Currently 80% of the Agency's budget is personnel related costs with the remaining 20% maintenance and operating expenses.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency is requesting to transfer A098C Fiscal Support Specialist (C112) from DFA Management Services to the Racing Commission (\$25,268 Regular Salaries and \$11,217 Personal Services Matching) in order to stay on top of the constant change of new games submitted to place in both facilities. This position is responsible for logging in all games, assigning tracking numbers and corresponding with the vendor and the current gaming consultant. This position will allow for thorough analysis of the games and also assist in other areas of the Commission as needed.

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		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	595,278	630,740	642,884	630,940	656,208	656,208	631,640	656,908	656,908
#Positions		13	13	13	13	14	14	13	14	14
Extra Help	5010001	192,490	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
#Extra Help		27	27	27	27	27	27	27	27	27
Personal Services Matching	5010003	238,227	245,612	210,199	249,040	260,257	260,257	249,214	260,431	260,431
Overtime	5010006	24,513	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Operating Expenses	5020002	175,487	210,247	210,247	210,247	210,247	210,247	210,247	210,247	210,247
Conference & Travel Expenses	5050009	1,524	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	10,486	35,000	35,000	35,000	35,000	35,000	35,000	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
Total		1,238,005	1,364,599	1,341,330	1,368,227	1,404,712	1,404,712	1,369,101	1,405,586	1,405,586

Funding Sources										
General Revenue	4000010	1,238,005	1,341,330		1,368,227	1,404,712	1,404,712	1,369,101	1,405,586	1,405,586
Merit Adjustment Fund	4000055	0	23,269		0	0	0	0	0	0
Total Funding		1,238,005	1,364,599		1,368,227	1,404,712	1,404,712	1,369,101	1,405,586	1,405,586
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,238,005	1,364,599		1,368,227	1,404,712	1,404,712	1,369,101	1,405,586	1,405,586

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	1,368,227	13	1,368,227	100.0	1,369,101	13	1,369,101	100.0
C07	Agency Transfer	36,485	1	1,404,712	102.7	36,485	1	1,405,586	102.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	1,368,227	13	1,368,227	100.0	1,369,101	13	1,369,101	100.0
C07	Agency Transfer	36,485	1	1,404,712	102.7	36,485	1	1,405,586	102.7

Justification

C07	Transfer A098C Fiscal Support Specialist (C112) from DFA Management Services to the Racing Commission. With the constant growth of the electronic games of skill, the transfer of a current authorized position to the Commission is extremely important to stay on top of the constant change of new games submitted to place in both facilities.								
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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 Racing Commission Cash Operations 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. The Base Level appropriation is sufficient for FY14 and FY15.

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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	63,533	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Conference & Travel Expenses	5050009	0	5,000	5,000	5,000	5,000	5,000	5,000	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
Total		63,533	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000
Funding Sources										
Fund Balance	4000005	327,631	400,378		365,378	365,378	365,378	330,378	330,378	330,378
Cash Fund	4000045	130,665	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Interest	4000300	5,615	0		0	0	0	0	0	0
Total Funding		463,911	500,378		465,378	465,378	465,378	430,378	430,378	430,378
Excess Appropriation/(Funding)		(400,378)	(365,378)		(330,378)	(330,378)	(330,378)	(295,378)	(295,378)	(295,378)
Grand Total		63,533	135,000		135,000	135,000	135,000	135,000	135,000	135,000