

# DFA - RACING COMMISSION

## Enabling Laws

Act 195 of 2016

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

## History and Organization

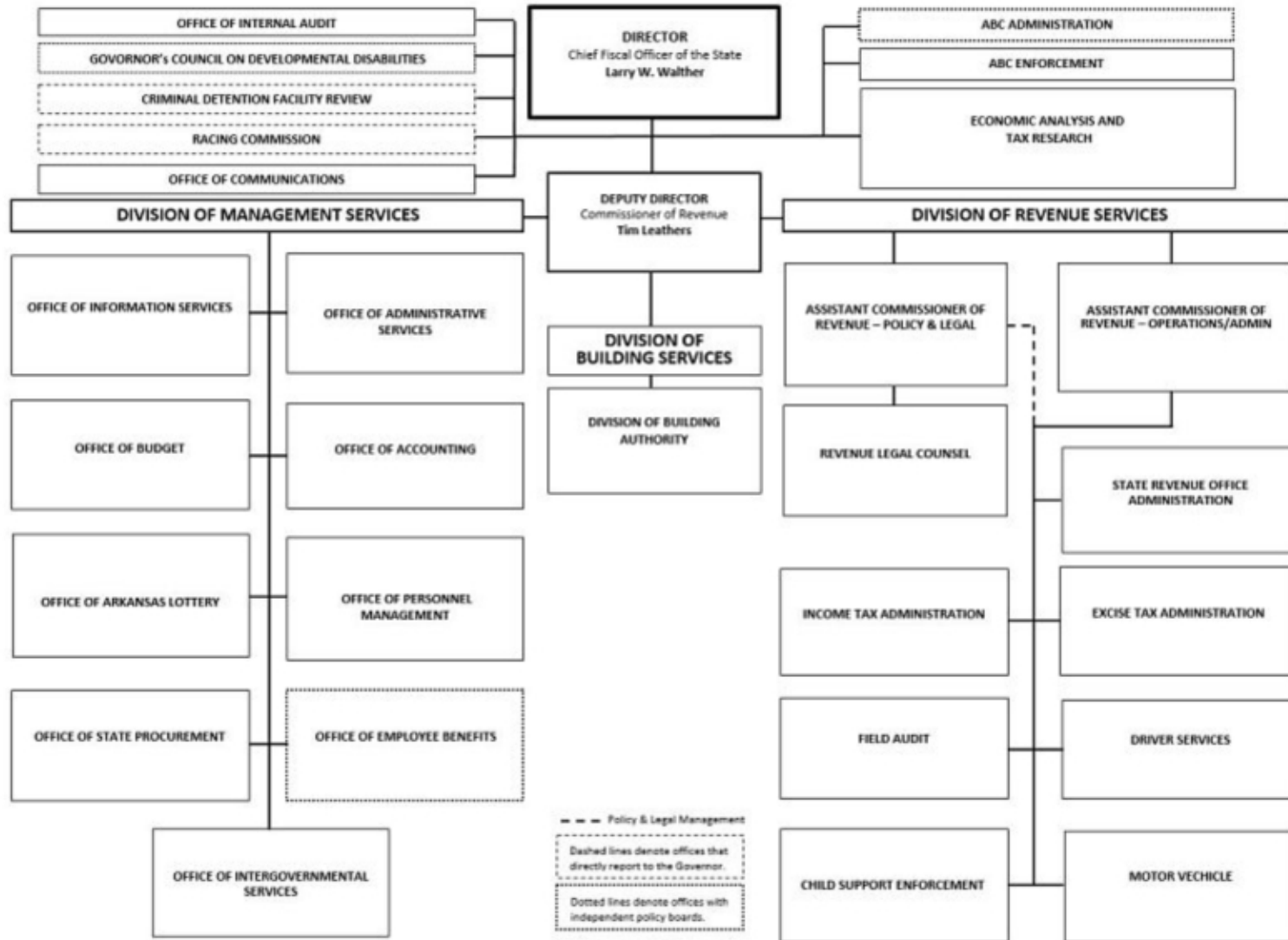
The mission of the Racing Commission is to regulate thoroughbred and greyhound racing in the State of Arkansas as provided in the enabling legislation; whereby, the best interests of the State and its citizens are preserved and protected.

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.

# ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION



## **Agency Commentary**

The Arkansas Racing Commission is composed of seven members each appointed by the Governor for terms of five years. Each congressional district is represented and members of the commission shall have been a resident of Arkansas for not less than ten years and shall be a qualified voter at the time of his or her appointment.

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 (146) is funded from general revenue. The agency is requesting a change over Base Level (funding and appropriation) in the amount of \$71,111 for FY18 and FY19. The increase in Extra Help and Personal Services Matching is to ensure enough funds and appropriation are in place for any additional veterinarian needs for the racing seasons at Southland and Oaklawn.

The current Base Level for Racing Commission Cash Operations (7WJ) is sufficient for FY18 and FY19.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

DFA - RACING COMMISSION

FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

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Audit findings are reported under DFA-Administrative Services.

## **State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016**

None

## Publications

### A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		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.	0	0.00
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.	0	0.00
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.	0	0.00
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.	0	0.00

**A.C.A. 25-1-201 et seq.**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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.	0	0.00
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.	0	0.00

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	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	1,389,169	14	1,530,343	14	1,565,637	14	1,507,509	14	1,578,620	14	1,507,509	14	1,507,635	14	1,578,746	14	1,507,635	14
7WJ License Applications	66,880	0	241,000	0	241,000	0	241,000	0	241,000	0	312,111	0	241,000	0	241,000	0	312,111	0
<b>Total</b>	<b>1,456,049</b>	<b>14</b>	<b>1,771,343</b>	<b>14</b>	<b>1,806,637</b>	<b>14</b>	<b>1,748,509</b>	<b>14</b>	<b>1,819,620</b>	<b>14</b>	<b>1,819,620</b>	<b>14</b>	<b>1,748,635</b>	<b>14</b>	<b>1,819,746</b>	<b>14</b>	<b>1,819,746</b>	<b>14</b>

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance 4000005	587,722	27.7	665,597	28.4			574,597	25.7	574,597	24.9	574,597	25.7	483,597	22.6	483,597	21.9	412,486	19.9
General Revenue 4000010	1,389,169	65.5	1,530,343	65.2			1,507,509	67.5	1,578,620	68.5	1,507,509	67.5	1,507,635	70.4	1,578,746	71.4	1,507,635	72.8
Cash Fund 4000045	144,755	6.8	150,000	6.4			150,000	6.7	150,000	6.5	150,000	6.7	150,000	7.0	150,000	6.8	150,000	7.2
<b>Total Funds</b>	<b>2,121,646</b>	<b>100.0</b>	<b>2,345,940</b>	<b>100.0</b>			<b>2,232,106</b>	<b>100.0</b>	<b>2,303,217</b>	<b>100.0</b>	<b>2,232,106</b>	<b>100.0</b>	<b>2,141,232</b>	<b>100.0</b>	<b>2,212,343</b>	<b>100.0</b>	<b>2,070,121</b>	<b>100.0</b>
Excess Appropriation/(Funding)	(665,597)		(574,597)				(483,597)		(483,597)		(412,486)		(392,597)		(392,597)		(250,375)	
<b>Grand Total</b>	<b>1,456,049</b>		<b>1,771,343</b>				<b>1,748,509</b>		<b>1,819,620</b>		<b>1,819,620</b>		<b>1,748,635</b>		<b>1,819,746</b>		<b>1,819,746</b>	

## Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
14	14	0	14	0	0.00 %	14	14	0	14	0	0.00 %	14	13	1	14	0	7.14 %

## **Analysis of Budget Request**

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

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

The Arkansas Racing Commission is composed of seven members each appointed by the Governor for terms of five years. Each congressional district is represented and members of the commission shall have been a resident of Arkansas for not less than ten years and shall be a qualified voter at the time of his or her appointment.

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 (146) is funded from general revenue. Currently 82% of the Agency's budget is personnel related costs with the remaining 18% maintenance and operating expenses.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level for the biennium is \$1,507,509 in FY18 and \$1,507,635 for FY19.

The agency is requesting a change over Base Level (funding and appropriation) in the amount of \$71,111 for FY18 and FY19. The increase in Extra Help and Personal Services Matching is to ensure enough funds and appropriation are in place for any additional veterinarian needs for the racing seasons at Southland and Oaklawn.

The Executive Recommendation provides for Base Level. The additional appropriation has been reflected in the DFA Racing Cash Fund Appropriation to be funded from any "new" additional fees approved that are directed to the cash fund. Current funding sources are not to be utilized for this purpose.



## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	630,930	641,960	662,850	635,716	635,716	635,716	635,816	635,816	635,816
<b>#Positions</b>		<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
Extra Help	5010001	249,179	310,000	310,000	310,000	375,000	310,000	310,000	375,000	310,000
<b>#Extra Help</b>		<b>21</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>
Personal Services Matching	5010003	277,102	274,536	288,940	257,946	264,057	257,946	257,972	264,083	257,972
Overtime	5010006	4,753	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Operating Expenses	5020002	210,521	235,847	235,847	235,847	235,847	235,847	235,847	235,847	235,847
Conference & Travel Expenses	5050009	1,755	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	14,929	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
<b>Total</b>		<b>1,389,169</b>	<b>1,530,343</b>	<b>1,565,637</b>	<b>1,507,509</b>	<b>1,578,620</b>	<b>1,507,509</b>	<b>1,507,635</b>	<b>1,578,746</b>	<b>1,507,635</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,389,169	1,530,343		1,507,509	1,578,620	1,507,509	1,507,635	1,578,746	1,507,635
Total Funding		1,389,169	1,530,343		1,507,509	1,578,620	1,507,509	1,507,635	1,578,746	1,507,635
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,389,169</b>	<b>1,530,343</b>		<b>1,507,509</b>	<b>1,578,620</b>	<b>1,507,509</b>	<b>1,507,635</b>	<b>1,578,746</b>	<b>1,507,635</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,507,509</b>	<b>14</b>	<b>1,507,509</b>	<b>100.0</b>	<b>1,507,635</b>	<b>14</b>	<b>1,507,635</b>	<b>100.0</b>
C01	Existing Program	71,111	0	1,578,620	104.7	71,111	0	1,578,746	104.7

### Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,507,509</b>	<b>14</b>	<b>1,507,509</b>	<b>100.0</b>	<b>1,507,635</b>	<b>14</b>	<b>1,507,635</b>	<b>100.0</b>
C01	Existing Program	0	0	1,507,509	100.0	0	0	1,507,635	100.0

### Justification

C01	The increase in Extra Help and Personal Services Matching to ensure enough funds and appropriation are in place for any additional veterinarian needs for racing seasons at Southland and Oaklawn.
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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 Agency is requesting Base Level of \$241,000 for each year of the 2017-2019 Biennium.

The Executive Recommendation is to provide cash appropriation for the \$71,111 requested for FY18 and FY19 in the State Operations appropriation (146). The additional appropriation is to be funded from any "new" additional fees approved that are directed to the cash fund. Current funding sources are not to be utilized for this purpose. 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		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Extra Help 5010001	0	0	0	0	0	65,000	0	0	65,000
<b>#Extra Help</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	0	0	0	0	0	6,111	0	0	6,111
Operating Expenses 5020002	66,880	231,000	231,000	231,000	231,000	231,000	231,000	231,000	231,000
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
<b>Total</b>	<b>66,880</b>	<b>241,000</b>	<b>241,000</b>	<b>241,000</b>	<b>241,000</b>	<b>312,111</b>	<b>241,000</b>	<b>241,000</b>	<b>312,111</b>
<b>Funding Sources</b>									
Fund Balance 4000005	587,722	665,597		574,597	574,597	574,597	483,597	483,597	412,486
Cash Fund 4000045	144,755	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Total Funding	732,477	815,597		724,597	724,597	724,597	633,597	633,597	562,486
Excess Appropriation/(Funding)	(665,597)	(574,597)		(483,597)	(483,597)	(412,486)	(392,597)	(392,597)	(250,375)
<b>Grand Total</b>	<b>66,880</b>	<b>241,000</b>		<b>241,000</b>	<b>241,000</b>	<b>312,111</b>	<b>241,000</b>	<b>241,000</b>	<b>312,111</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	241,000	0	241,000	100.0	241,000	0	241,000	100.0

### Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	241,000	0	241,000	100.0	241,000	0	241,000	100.0
C19	Executive Changes	71,111	0	312,111	129.5	71,111	0	312,111	129.5

### Justification

C19	The Executive Recommendation is to provide cash appropriation for the \$71,111 requested for FY18 and FY19 in the State Operations appropriation (146). The additional appropriation is to be funded from any "new" additional fees approved that are directed to the cash fund. Current funding sources are not to be utilized for this purpose.
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