

# DFA - RACING DIVISION

## Enabling Laws

Act 2016 of 2005

AR Code §23-110-101 - §23-110-415

AR Code §23-111-101 - §23-111-516

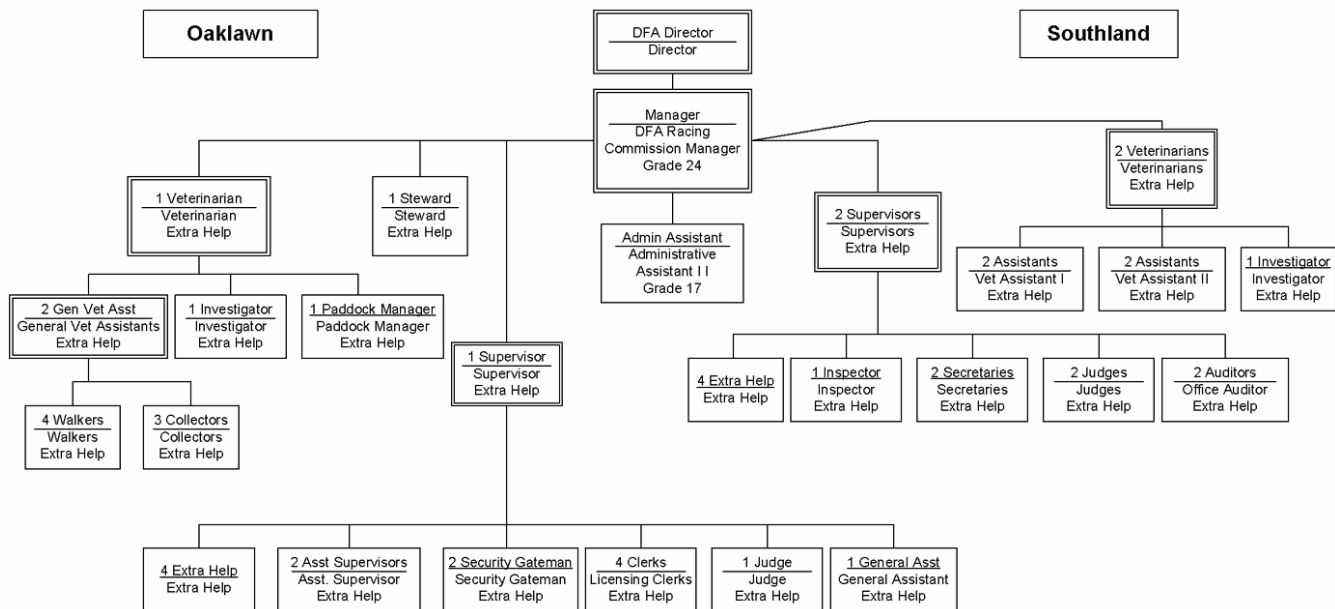
AR Code §23-113-101 - §23-113-604

## 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.



## **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 Agency is requesting an increase over Base Level in the amount of \$140,261 each fiscal year. This includes the establishment of eleven (11) Regular Salary positions, ten (10) at the dog track and one (1) at the horse track. This will transition Extra Help employees that have been working full time for several years and allow them the benefit of accruing annual leave, sick leave and career service in a regular position. Twenty one (21) of forty eight (48) Extra Help positions at the dog and horse track are being relinquished due to this transition to Regular Salary positions. A reduction of \$27,000 in Overtime appropriation is also a result of this transition from Extra Help positions to Regular Salary positions.

The Agency is also requesting continuation of a cash fund appropriation approved in Fiscal Year 2007; \$100,000 in Operating Expenses and \$5,000 in Refunds/Reimbursements. The Division of Racing will be taking applications, ordering background investigations, and issuing licenses to employees at Oaklawn & Southland who will work in the Electronic Games of Skill areas of the franchisees. Applicants will, by regulation, be required to pay a license fee and the costs of the background investigations ("application fee"). License Fees will be deposited to general revenue and the costs of the background investigations will be retained by the Division of Racing to pay for the actual costs of the investigations, postage and licensing material.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
RACING COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2005

<u>Findings</u>	<u>Recommendations</u>
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	1	1	2	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			2	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.
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	2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
146 Division of Racing - Operations	1,042,996	2	1,069,817	2	1,070,417	2	1,215,250	13	1,215,250	13	1,215,250	13	1,215,250	13
7WJ License Applications	0	0	105,000	0	0	0	105,000	0	105,000	0	105,000	0	105,000	0
<b>Total</b>	<b>1,042,996</b>	<b>2</b>	<b>1,174,817</b>	<b>2</b>	<b>1,070,417</b>	<b>2</b>	<b>1,320,250</b>	<b>13</b>	<b>1,320,250</b>	<b>13</b>	<b>1,320,250</b>	<b>13</b>	<b>1,320,250</b>	<b>13</b>

Funding Sources		%		%		%		%		%		%
General Revenue 4000010	1,042,996	100.0	1,069,817	91.1			1,215,250	92.0	1,215,250	92.0	1,215,250	92.0
Cash Fund 4000045	0	0.0	105,000	8.9			105,000	8.0	105,000	8.0	105,000	8.0
<b>Total Funds</b>	<b>1,042,996</b>	<b>100.0</b>	<b>1,174,817</b>	<b>100.0</b>			<b>1,320,250</b>	<b>100.0</b>	<b>1,320,250</b>	<b>100.0</b>	<b>1,320,250</b>	<b>100.0</b>
Excess Appropriation/(Funding)	0		0				0		0		0	
<b>Grand Total</b>	<b>1,042,996</b>		<b>1,174,817</b>				<b>1,320,250</b>		<b>1,320,250</b>		<b>1,320,250</b>	

7WJ - Budget exceeds Authorized due to transfer from the Cash Fund Holding Account.

**Agency Position Usage Report**

FY2004-2005						FY2005-2006						FY2006-2007					
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	
2	2	0	2	0	0.00%	2	2	0	2	0	0.00%	2	2	0	2	0	0.00%

## **Analysis of Budget Request**

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

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

This general revenue funded appropriation provides for the operations of 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 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. Because of Hurricane Katrina in New Orleans, many of the horsemen who normally race in New Orleans made their wintertime homes in Hot Springs for the 2006 season and with the addition of Canada to Oaklawn's Simulcast Network, there was more play on Oaklawn races than in the past.

The FY07 budgeted amount of \$1,069,817 consists of Regular Salaries and Personal Services Matching for two regular positions, 48 Extra Help positions (28 horse track and 20 dog track), Overtime, Operating Expenses, Conference and Travel Expenses, Capital Outlay and Professional Fees.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. The Base Level request of \$104,914 for FY08 and FY09 for Regular Salaries does include board member Stipend payments. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Base Level request for this appropriation is \$1,074,989 for both years of the biennium. The Agency is requesting additional appropriation and general revenue funding for the following:

- Establish eleven (11) full time positions, ten (10) at the Southland dog track and one (1) at Oaklawn horse track. This will transition Extra Help employees that have been working full time for an average of ten years into Regular full time positions which will allow these employees to accrue annual leave, sick leave and career service (\$544,884 each year including Personal Services Matching).
- Discontinue fifteen (15) Extra Help positions from the dog track and six (6) from the horse track, as well as a corresponding reduction in Overtime (\$404,623 reduction each year

including Personal Services Matching). Five (5) Extra Help positions will remain at the dog track and twenty-two (22) at the horse track.

Summary of Agency Request:

	<u>FY2008</u>	<u>FY2009</u>
11 new positions and corresponding matching	\$ 544,884	\$ 544,884
Discontinue 15 Extra Help positions and corresponding matching	(\$ 377,623)	(\$ 377,623)
Reduction in Overtime	<u>(\$ 27,000)</u>	<u>(\$ 27,000)</u>
Net increase in appropriation and general revenue funding	\$ 140,261	\$ 140,261

The Executive Recommendation provides for the Agency Request for the net increase of \$140,261 each year in additional appropriation and general revenue funding above the Base Level.



## 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		
		2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	106,968	104,914	88,091	104,914	509,624	509,624	104,914	509,624	509,624
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>13</b>	<b>13</b>	<b>2</b>	<b>13</b>	<b>13</b>
Extra Help	5010001	498,907	500,000	500,000	500,000	210,000	210,000	500,000	210,000	210,000
<b>#Extra Help</b>		<b>30</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>27</b>	<b>27</b>	<b>48</b>	<b>27</b>	<b>27</b>
Personal Services Matching	5010003	178,285	143,457	148,602	148,629	201,180	201,180	148,629	201,180	201,180
Overtime	5010006	61,323	57,000	57,000	57,000	30,000	30,000	57,000	30,000	30,000
Operating Expenses	5020002	65,600	223,496	91,813	223,496	223,496	223,496	223,496	223,496	223,496
Conference & Travel Expenses	5050009	50	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950
Professional Fees	5060010	131,863	35,000	178,961	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>1,042,996</b>	<b>1,069,817</b>	<b>1,070,417</b>	<b>1,074,989</b>	<b>1,215,250</b>	<b>1,215,250</b>	<b>1,074,989</b>	<b>1,215,250</b>	<b>1,215,250</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,042,996	1,069,817		1,074,989	1,215,250	1,215,250	1,074,989	1,215,250	1,215,250
<b>Total Funding</b>		<b>1,042,996</b>	<b>1,069,817</b>		<b>1,074,989</b>	<b>1,215,250</b>	<b>1,215,250</b>	<b>1,074,989</b>	<b>1,215,250</b>	<b>1,215,250</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,042,996</b>	<b>1,069,817</b>		<b>1,074,989</b>	<b>1,215,250</b>	<b>1,215,250</b>	<b>1,074,989</b>	<b>1,215,250</b>	<b>1,215,250</b>

Actual and/or Budget amount in Regular Salaries and Personal Services Matching exceeds authorized amount due to salary and matching rate adjustments during the 2005-2007 biennium.

Actual amount in Overtime exceeds authorized amount due to transfer from the Overtime Holding Account.

Budget exceeds authorized appropriation in Operating Expenses by authority of a Budget Classification Transfer.

## Change Level by Appropriation

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

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,074,989</b>	<b>2</b>	<b>1,074,989</b>	<b>100.0</b>	<b>1,074,989</b>	<b>2</b>	<b>1,074,989</b>	<b>100.0</b>
C01	Existing Program	544,884	11	1,619,873	150.6	544,884	11	1,619,873	150.6
C03	Discontinue Program	(404,623)	0	1,215,250	113.0	(404,623)	0	1,215,250	113.0

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,074,989</b>	<b>2</b>	<b>1,074,989</b>	<b>100.0</b>	<b>1,074,989</b>	<b>2</b>	<b>1,074,989</b>	<b>100.0</b>
C01	Existing Program	544,884	11	1,619,873	150.6	544,884	11	1,619,873	150.6
C03	Discontinue Program	(404,623)	0	1,215,250	113.0	(404,623)	0	1,215,250	113.0

### Justification

C01	The Division of Racing is requesting Regular Salaries and Personal Services Matching to establish eleven (11) full time positions, ten (10) at the dog track and one (1) at the horse track. This will transition Extra Help employees that have been working full time for several years and allow them the benefit of accruing annual leave, sick leave and career service in a regular position.
C03	Twenty one (21) of forty eight (48) Extra Help positions at the dog and horse track are being relinquished due to this transition to Regular Salary positions. A reduction of \$27,000 in Overtime appropriation is also a result of this transition from Extra Help to Regular Salary positions.

## **Analysis of Budget Request**

**Appropriation:** 7WJ - License Applications

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

This cash funded appropriation was approved by PEER and established in FY07 with a transfer from the Cash Fund Holding Account. This appropriation provides for the application process and background investigations for issuing licenses to employees at Oaklawn & Southland Parks who will work in the Electronic Games of Skill areas of the franchisees.

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. Division of Racing will be taking applications, ordering background investigations ("application fee"), and issuing licenses. Applicants will, by regulation, be required to pay a license fee and the costs of the background investigations. License fees will be deposited to general revenue. The costs of the background investigations will be retained by the Division of Racing to pay for the actual costs of the investigations, postage and licensing material (\$100,000) and unexpected refunds (\$5,000).

The Agency Request is to continue this cash funded appropriation at the current approved level.

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 - Cash in Treasury

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	100,000	0	0	100,000	100,000	0	100,000	100,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
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	0	0	5,000	5,000	0	5,000	5,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>105,000</b>	<b>0</b>	<b>0</b>	<b>105,000</b>	<b>105,000</b>	<b>0</b>	<b>105,000</b>	<b>105,000</b>
<b>Funding Sources</b>									
Cash Fund 4000045	0	105,000		0	105,000	105,000	0	105,000	105,000
<b>Total Funding</b>	<b>0</b>	<b>105,000</b>		<b>0</b>	<b>105,000</b>	<b>105,000</b>	<b>0</b>	<b>105,000</b>	<b>105,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>105,000</b>		<b>0</b>	<b>105,000</b>	<b>105,000</b>	<b>0</b>	<b>105,000</b>	<b>105,000</b>

Budget exceeds Authorized in Operating Expenses and Refunds/Reimbursements due to transfer from the Cash Fund Holding Account.

**Change Level by Appropriation**

**Appropriation:** 7WJ-License Applications

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

**Agency Request**

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C02	New Program	105,000	0	105,000	100.0	105,000	0	105,000	100.0

**Executive Recommendation**

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C02	New Program	105,000	0	105,000	100.0	105,000	0	105,000	100.0

**Justification**

C02	The costs of the background investigations will be retained by the Division of Racing to pay for the actual costs of the investigations, postage and licensing material (\$100,000). A refund line item is requested for unexpected refunds (\$5,000). This cash fund appropriation was approved through PEER in FY07.
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