
By: Delegates Hixson, C. Davis, and Gordon

Introduced and read first time: February 8, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Racing Reform Act of 1996**

3 FOR the purpose of requiring the Racing Commission to appoint certain additional
4 employees or agents at the expense of the State; authorizing the Commission to
5 maintain a testing laboratory at the expense of the State; requiring that stewards
6 and harness judges be appointed to certain terms; prohibiting a certain racing
7 licensee from holding live racing that requires the use of artificial lighting to
8 illuminate the racing surface; altering the number of regular racing days the
9 Commission may award to mile thoroughbred racing licensees and harness racing
10 licensees; repealing a certain State tax; allowing the Bowie Race Course Training
11 Center not to operate as a thoroughbred training facility under certain conditions;
12 allowing mile thoroughbred licensees and harness racing licensees to hold simulcast
13 racing on certain races under certain conditions; allowing certain persons to allocate
14 certain revenues toward the costs of operating certain facilities; repealing certain
15 restrictions on intertrack betting; defining certain terms; and generally relating to
16 horse racing in the State.

17 BY repealing and reenacting, with amendments,

18 Article - Business Regulation
19 Section 11-101(u), 11-206(b), 11-207(a) and (b), 11-210(a), 11-212, 11-402,
20 11-504, 11-511(b), 11-519, 11-610(a), and 11-804
21 Annotated Code of Maryland
22 (1992 Volume and 1995 Supplement)

23 BY repealing

24 Article - Business Regulation
25 Section 11-207(e), 11-515.1, 11-811(e), and 11-812
26 Annotated Code of Maryland
27 (1992 Volume and 1995 Supplement)

28 BY adding to

29 Article - Business Regulation
30 Section 11-806
31 Annotated Code of Maryland
32 (1992 Volume and 1995 Supplement)

2

1 Preamble

2 WHEREAS, Beginning with the founding of the Maryland Jockey Club in 1743,
3 Maryland's horse industry has been part of the cultural and historical fabric of the State;
4 and

5 WHEREAS, Maryland's horse industry reaches across the State affecting farm
6 owners, breeders, horsemen and track personnel from the Eastern Shore to Western
7 Maryland; and

8 WHEREAS, The over 900 horse farms in Maryland that encompass a span of
9 more than 200,000 acres provide employment for many Marylanders, preserve green open
10 spaces, and positively impact on land values; and

11 WHEREAS, The industry employs about 20,000 people and generates roughly \$1
12 billion annually in economic activity for the State, more than any other professional sport
13 in the State; and

14 WHEREAS, The General Assembly finds and declares that the Maryland horse
15 industry is vulnerable to a decline; and

16 WHEREAS, The competition from other states for quality racehorses and the
17 betting dollar has increased as a result of mechanisms aimed at increasing purse
18 structures; and

19 WHEREAS, The General Assembly finds and declares that this Act is necessary
20 to preserve, restore, and revitalize the horse racing and breeding industries and preserve
21 in Maryland the economic impact associated with these industries; and

22 WHEREAS, Increased funding for purses for the thoroughbred and harness
23 racing industries will help retain quality racehorses in the State; and

24 WHEREAS, Increased funding for improvements to capital facilities at the
25 racetracks in the State will enhance the appeal of the sport and increased attendance will
26 support industry growth; and

27 WHEREAS, The General Assembly finds and declares that the regulatory
28 structure found in the racing laws restricts the flexibility of track operators to offer
29 products and entertainment desired by racing fans and that more flexibility will allow
30 tracks to implement practices to meet the demands of existing and prospective racing
31 fans; and

32 WHEREAS, The year-round operation of multiple racing, training, stabling and
33 related facilities is expensive and may not be the best use of resources and track owners,
34 breeders, and horsemen should have the ability to decide what utilization of these
35 resources best serves the industry; now, therefore,

36 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
37 MARYLAND, That the Laws of Maryland read as follows:

3

1 **Article - Business Regulation**

2 11-101.

3 (u) (1) "Track" means a place where racing is held.

4 (2) "TRACK" INCLUDES RACING SURFACES, GRANDSTANDS,
5 CLUBHOUSES, PARKING AREAS, AND RELATED FACILITIES.

6 11-206.

7 (b) (1) The Commission may employ 4 stewards and 4 harness judges.

8 (2) The stewards and harness judges shall be recommended by the executive
9 director.

10 (3) Each licensee and organization that represents owners and trainers may
11 recommend individuals to the Commission and executive director for appointment as
12 stewards or harness judges.

13 (4) (I) EACH STEWARD AND HARNESS JUDGE SHALL BE APPOINTED
14 TO A 4-YEAR TERM AND MAY SERVE CONSECUTIVE TERMS WITH THE APPROVAL OF
15 THE COMMISSION.

16 (II) EACH STEWARD AND HARNESS JUDGE SHALL SERVE AT THE
17 PLEASURE OF THE COMMISSION.

18 (III) BEFORE THE COMMISSION APPOINTS OR REAPPOINTS A
19 CANDIDATE TO THE POSITION OF STEWARD OR HARNESS JUDGE, THE COMMISSION
20 MAY CONDUCT AN EVALUATION OF THE QUALIFICATIONS, EXPERIENCE AND
21 PERFORMANCE OF THE CANDIDATE.

22 (5) BEGINNING WITH THE APPOINTMENTS MADE ON OR AFTER
23 OCTOBER 1, 1996, THE TERMS OF THE STEWARDS AND HARNESS JUDGES SHALL BE
24 STAGGERED AS REQUIRED BY THE TERMS PROVIDED ON OCTOBER 1, 1996.

25 (6) The stewards and harness judges are in the unclassified service of the
26 State Personnel Management System.

27 11-207.

28 (a) On the recommendation of the executive director, the Commission [may]
29 SHALL employ AT THE EXPENSE OF THE STATE additional employees or agents,
30 including auditors, experts, guards, inspectors, a breathalyzer operator at each harness
31 racing track, scientists, Commission secretaries, specimen collectors, veterinarians, and
32 others whom the Commission considers to be essential at or in connection with a race
33 meeting in the best interests of racing.

34 (b) [The licensee who holds the race meeting for] AS PROVIDED IN THE STATE
35 BUDGET, FOR EACH [which an] additional employee [is used] THE STATE shall pay:

36 (1) the compensation of the employee;

37 (2) the employer contribution for the employee under:

4

- 1 (i) Social Security;
- 2 (ii) the Employees' Pension System;
- 3 (iii) the Health Insurance Program for State Employees; and
- 4 (iv) unemployment insurance;

5 (3) the employer contribution, as determined by the Department of Budget
6 and Fiscal Planning, for the retiree under § 8-108 of the State Personnel and Pensions
7 Article; and

8 (4) an amount required under § 23-306.1(b) of the State Personnel and
9 Pensions Article, if any.

10 [(e) Notwithstanding any other provision of this title, if a licensee is required to
11 allocate 0.25% of handle to either the Maryland Race Track Employees Pension Fund or
12 the Maryland Harness Track Employees Pension Fund, the licensee shall first pay from
13 the allocation any amounts required to be paid by the licensee under subsection (b)(2)(ii),
14 (3) or (4) of this section and the remainder shall be paid to the appropriate pension
15 fund.]

16 11-210.

17 (a) Except as provided in subsection (b) of this section, the Commission may:

18 (1) adopt regulations and conditions to govern racing and betting on racing
19 in the State; and

20 (2) approve or disapprove[:

21 (i) prices that a licensee may set for admission to a race, a service
22 performed, or an article sold at a track; and

23 (ii)] the size of the purse, reward, or stake to be offered at a race.

24 11-212.

25 [(a) The] AT THE EXPENSE OF THE STATE, THE Commission may maintain a
26 testing laboratory and have tests done elsewhere.

27 [(b) (1) Each licensee shall pay a fraction of the yearly costs of the testing
28 laboratory and of the tests done elsewhere.

29 (2) The numerator of the fraction shall be the number of racingdays with
30 pari-mutuel betting privileges that the licensee holds during the year.

31 (3) The denominator of the fraction shall be the whole number of racing
32 days with pari-mutuel betting privileges held in the State during the year.]

33 11-402.

34 The Special Fund consists of:

35 (1) the State share of daily licensee fees;

5

- 1 (2) pari-mutuel taxes;
- 2 (3) [the impact aid under § 11-812 of this title;
- 3 (4)] money from uncashed pari-mutuel tickets that are from betsmade into
- 4 the betting pools of nonharness licensees; and
- 5 [(5)] (4) any permit fees under §§ 11-820 and 11-832 of this title.

6 11-504.

7 (a) A licensee OPERATING A TRACK IN BALTIMORE CITY may not hold LIVE
8 racing REQUIRING THE USE OF ARTIFICIAL LIGHTING TO ILLUMINATE THE RACING
9 SURFACE [after 6:15 p.m. unless:

- 10 (1) circumstances beyond the control of the licensee cause a delay; or
- 11 (2) the racing day is of national prominence].

12 (b) (1) [Mile] LIVE MILE thoroughbred racing may not be held on a Sunday
13 unless:

- 14 (i) the Commission approves; and
- 15 (ii) the LIVE racing begins at noon or later.

16 (2) The Maryland State Fair and Agricultural Society, Inc., maynot hold a
17 race on a Sunday except during the Maryland State Fair.

18 11-511.

19 (b) Except as provided in subsection (c) of this section, the Commission may not
20 award for any calendar year:

- 21 (1) more than [216] 276 regular racing days; or
- 22 (2) more than [108] 138 regular racing days to 1 person.

23 [11-515.1.

24 (a) In this section, "total amount bet" means the cumulative total of all bets made
25 under this subtitle in Maryland other than bets made at the racetrack facilities of a track
26 licensee during a calendar year on races conducted at or imported from another
27 jurisdiction by the mile thoroughbred tracks.

28 (b) In addition to the 0.50% State tax required under § 11-515 of this subtitle, a
29 supplemental State tax shall be paid by a mile thoroughbred licensee and deducted
30 proportionately from the respective shares of the takeout allocated to:

- 31 (1) a licensee;
- 32 (2) purse money; and
- 33 (3) the applicable bred fund.

34 (c) The supplemental State tax required under subsection (b) of thissection shall
35 be:

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1 (1) 1% of the total amount bet that exceeds \$100,000,000 but does not
2 exceed \$150,000,000;

3 (2) 2% of the total amount bet that exceeds \$150,000,000 but does not
4 exceed \$200,000,000;

5 (3) 3% of the total amount bet that exceeds \$200,000,000 but does not
6 exceed \$250,000,000; and

7 (4) 4% of the total amount bet that exceeds \$250,000,000.

8 (d) If tax is paid under this section, the mile thoroughbred licensees shall:

9 (1) apportion the supplemental State tax among themselves, based on the
10 relationship of the total amount bet that is attributable to all mile thoroughbred licensees;
11 and

12 (2) make any payment required by this apportionment to the proper
13 licensee by February 1 of the year following the year a supplemental State tax was
14 incurred.]

15 11-519.

16 (a) [The] SUBJECT TO SUBSECTION (D) OF THIS SECTION, THE owner of the
17 Bowie Race Course Training Center shall operate the Center as a thoroughbred training
18 facility to provide more stall space for a race meeting that a licensee holds.

19 (b) The owner of the Bowie Race Course Training Center is responsible for the
20 cost to improve, maintain, and operate the Center.

21 (c) As long as the Bowie Race Course Training Center is used for the purpose
22 specified in subsection (a) of this section, the Commission shall have general regulatory
23 jurisdiction over the Center to:

24 (1) provide enough stalls;

25 (2) maintain safe operating conditions;

26 (3) require the owner of the Center to submit an annual operating financial
27 statement; and

28 (4) order reasonable improvements.

29 (D) THE OWNER OF THE BOWIE RACE COURSE TRAINING CENTER IS NOT
30 REQUIRED TO OPERATE BOWIE RACE COURSE AS A THOROUGHBRED TRAINING
31 FACILITY IF:

32 (1) THE NUMBER OF STALLS AT LAUREL RACE COURSE IS INCREASED
33 BY 700 STALLS MORE THAN THE NUMBER OF STALLS EXISTING AT LAUREL RACE
34 COURSE ON JANUARY 1, 1996;

35 (2) A TRAINING TRACK AT LEAST THREE-QUARTERS OF A MILE IN
36 LENGTH, DORMITORIES, AND OTHER SUPPORT FACILITIES ARE BUILT AT LAUREL
37 RACE COURSE, SUBJECT TO AGREEMENT BETWEEN THE OWNER OF LAUREL RACE

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1 COURSE AND THE GROUP THAT REPRESENTS A MAJORITY OF THE APPLICABLE
2 HORSE OWNERS AND TRAINERS LICENSED IN THE STATE; AND

3 (3) THE LICENSEE MAINTAINS A COMBINED TOTAL OF AT LEAST 2,500
4 STALLS AT LAUREL RACE COURSE AND PIMLICO RACE COURSE.

5 11-610.

6 (a) (1) The Commission may not award more than [310] 366 racing days in a
7 calendar year to 1 licensee.

8 (2) The Commission may not award more than [450] 732 racing days in a
9 calendar year to all licensees.

10 11-804.

11 (a) IN THIS SECTION, "SIMULCAST RACING" MEANS PARI-MUTUEL BETTING
12 ON A RACE THAT IS HELD AT AN OUT-OF-STATE TRACK WHERE BETTING ON
13 RACING IS LAWFUL.

14 (B) The intent of this section is similar to that of the Interstate Horseracing Act of
15 1978, 15 U.S.C. §§ 3001 through 3007.

16 [(b)] (C) [If] SUBJECT TO SUBSECTIONS (F) AND (G) OF THIS SECTION, IF the
17 Commission approves[, a licensee may contract to hold pari-mutuel betting on a race
18 that is held at an out-of-state track where betting on racing is lawful]:

19 (1) A MILE THOROUGHBRED LICENSEE MAY HOLD SIMULCAST RACING:

20 (I) ON A THOROUGHBRED RACE; OR

21 (II) ON A DAY OR NIGHT HARNESS RACE WITH THE APPROVAL OF
22 THE HARNESS RACING LICENSEE; AND

23 (2) A HARNESS RACING LICENSEE MAY HOLD SIMULCAST RACING:

24 (I) ON A HARNESS RACE; OR

25 (II) ON A DAY OR NIGHT THOROUGHBRED RACE WITH THE
26 APPROVAL OF THE MILE THOROUGHBRED LICENSEE.

27 [(c)] (D) Pari-mutuel betting under this section may only occur:

28 (1) on a racing day when the Commission has authorized the licensee to
29 hold racing; and

30 (2) (i) at the track of the licensee;

31 (ii) at any track where pari-mutuel betting on races on the racing
32 program of the licensee for that day is authorized; or

33 (iii) at a satellite simulcast facility.

34 [(d)] (E) (1) The breakage and takeout for pari-mutuel betting under this
35 section shall be computed in the way normally applicable to pari-mutuel betting on racing
36 the licensee holds.

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1 (2) From the takeout the licensee shall deduct:

2 (i) the State tax on all mutuel pools;

3 (ii) the amount to be paid under the contract to the out-of-state track;

4 and

5 (iii) the cost of transmission.

6 (3) The licensee shall then allocate the rest of the takeout in the way
7 applicable to the racing that the licensee holds.

8 [(e)] (F) A contract with an out-of-state track under this section is subject to the
9 approval of the group that represents a majority of the owners and trainers who race
10 horses at that track and the group that represents a majority of the applicable breeders in
11 this State.

12 (G) A LICENSEE MAY NOT HOLD SIMULCAST RACING UNLESS IT HOLDS LIVE
13 RACING ON A MINIMUM NUMBER OF DAYS DETERMINED BY AGREEMENT BETWEEN:

14 (1) THE LICENSEE;

15 (2) AN ORGANIZATION REPRESENTING A MAJORITY OF THE OWNERS
16 AND TRAINERS WHO RACE HORSES AT THAT TRACK; AND

17 (3) AN ORGANIZATION THAT REPRESENTS A MAJORITY OF THE
18 APPLICABLE BREEDERS IN THE STATE.

19 (H) THE LICENSEE MAY NOT HOLD SIMULCAST RACING IF NO AGREEMENT IS
20 REACHED BETWEEN THE LICENSEE AND THE REPRESENTATIVE ORGANIZATIONS
21 DESCRIBED UNDER SUBSECTION (G) OF THIS SECTION.

22 11-806.

23 (A) NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, EACH
24 PERSON LISTED IN THIS SECTION MAY ALLOCATE ANY PORTION OF THE REVENUES
25 DERIVED FROM AN ACTIVITY AUTHORIZED UNDER THIS TITLE TOWARD THE COSTS
26 OF OPERATING THE FACILITY AT WHICH THE REVENUES WERE DERIVED.

27 (B) THE GROUP THAT REPRESENTS A MAJORITY OF THE APPLICABLE
28 OWNERS AND TRAINERS LICENSED IN THE STATE MAY ALLOCATE REVENUES OUT
29 OF THE APPLICABLE PURSE SHARE.

30 (C) THE GROUP THAT REPRESENTS A MAJORITY OF THE APPLICABLE
31 BREEDERS IN THE STATE MAY ALLOCATE REVENUES OUT OF THE APPLICABLE
32 BRED FUND SHARE.

33 11-811.

34 [(e) (1) Laurel Race Course, a track where racing is conducted by the State Fair
35 Society, or Rosecroft Raceway may be a receiving track only if live racing was held there
36 in the previous calendar year on at least 75% of the racing days available to it.

37 (2) Delmarva Downs may be a receiving track only if at least 65 days of live
38 racing were held there in the previous calendar year.

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1 (3) Pimlico Race Course may be a receiving track only if at least 90 days of
2 live racing were held there in the previous calendar year.

3 (4) The Commission may waive a requirement of this subsection if the
4 receiving track could not meet the requirement because of:

5 (i) an act of God; or

6 (ii) what the Commission finds to be an emergency.]

7 [11-812.

8 (a) A mile thoroughbred racing licensee operating a sending track shall pay to the
9 Commission, within 3 days after each day of intertrack betting on thoroughbred racing at
10 a receiving track, \$1,000 of the impact aid to be paid to political subdivisions for
11 intertrack betting for that day under § 11-404(c) and (d) of this title.

12 (b) The licensee shall deduct from the takeout the payment under subsection (a)
13 of this section and then shall allocate the rest of the takeout in the way normally
14 applicable to racing at the sending track.

15 (c) The Commission shall pay promptly to the Comptroller all money collected
16 under this section.]

17 11-833. RESERVED.

18 11-834. RESERVED.

19 SECTION 2. AND BE IT FURTHER ENACTED, That the terms of the
20 stewards and harness judges serving on October 1, 1996 expire as follows:

21 (1) 1 steward and 1 harness judge in 1997;

22 (2) 1 steward and 1 harness judge in 1998;

23 (3) 1 steward and 1 harness judge in 1999; and

24 (4) 1 steward and 1 harness judge in 2000.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 1996.