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**By: Senators Bromwell and Hoffman**

Introduced and read first time: January 31, 1997

Assigned to: Finance and Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Racing - Taxes - Purses**

3 FOR the purpose of repealing taxes on certain amounts bet on certain thoroughbred and  
4 harness races; requiring certain licensees to alter the percentage of money that is  
5 allocated to purses from certain amounts bet on certain races; providing for the  
6 termination of part of this Act; altering the distribution of proceeds from the State  
7 Lottery Fund for a certain fiscal year; requiring that a certain amount of revenue  
8 that would otherwise be paid to the General Fund be distributed to a special fund  
9 to be used only to increase purses at harness racing tracks and mile thoroughbred  
10 racing tracks in the State; requiring the Governor by budgetary amendment to  
11 allocate money from the special fund to increase purses offered at harness racing  
12 tracks and mile thoroughbred racing in the State; requiring that the purses be  
13 increased according to a certain formula; and generally relating to taxes and purses  
14 allocated from amounts bet on certain thoroughbred and harness races.

15 BY repealing and reenacting, with amendments,  
16 Article - Business Regulation  
17 Section 11-515, 11-614, and 11-616  
18 Annotated Code of Maryland  
19 (1992 Volume and 1996 Supplement)

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

22 **Article - Business Regulation**

23 11-515.

24 (a) Except as provided in §§ 11-515.1 and 11-516 of this subtitle, the takeout that  
25 a licensee deducts from the handle of a race shall be allocated in accordance with this  
26 section.

27 (b) A licensee shall:

28 (1) keep 50% of the breakage;

29 (2) allocate 45% of the breakage for purses; and

30 (3) allocate 5% of the breakage to the Maryland-Bred Race Fund.

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1 (c) From the 17% that a licensee deducts from each regular mutuel pool, the  
 2 licensee shall:

3 (1) keep 7.70% of each regular mutuel pool, from which the licensee shall  
 4 pay 0.25% of each regular mutuel pool to the Maryland Race Track Employees Pension  
 5 Fund;

6 (2) [allocate 0.50% of each regular mutuel pool to the Commission for  
 7 State tax;

8 (3)] allocate 1.10% of each regular mutuel pool to the Maryland-Bred Race  
 9 Fund; and

10 [(4)] (3) allocate [7.70%] 8.2% of each regular mutuel pool for purses.

11 (d) From the 19% that a licensee deducts from each multiple mutuel pool on 2  
 12 horses, the licensee shall:

13 (1) keep 8.70% of each multiple mutuel pool, from which the licensee shall  
 14 pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees Pension  
 15 Fund;

16 (2) [allocate 0.50% of each multiple mutuel pool to the Commission for  
 17 State tax;

18 (3)] allocate 1.10% of each multiple mutuel pool to the Maryland-Bred Race  
 19 Fund; and

20 [(4)] (3) allocate [8.70%] 9.2% of each multiple mutuel pool for purses.

21 (e) From the 25% that a licensee deducts from each multiple mutuel pool on 3 or  
 22 more horses, the licensee shall:

23 (1) keep 11.70% of each multiple mutuel pool, from which the licensee shall  
 24 pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees Pension  
 25 Fund;

26 (2) [allocate 0.50% of each multiple mutuel pool to the Commission for  
 27 State tax;

28 (3)] allocate 1.10% of each multiple mutuel pool to the Maryland-Bred Race  
 29 Fund; and

30 [(4)] (3) allocate [11.70%] 12.2% of each multiple mutuel pool for purses.

31 11-614.

32 Except as provided in § 11-614.1 of this subtitle, a licensee whose average handle is  
 33 over \$600,000 shall:

34 (1) allocate FOR PURSES 0.50% of each mutuel pool [to the Commission as  
 35 State tax], WHICH SHALL PROVIDE REVENUE IN ADDITION TO ANY OTHER FUNDS  
 36 SET ASIDE FOR PURSES BY PRIVATE PARTIES;

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1 (2) allocate 0.25% of each mutuel pool to the Maryland Harness Track  
2 Employees Pension Fund;

3 (3) keep 16.25% of each regular mutuel pool;

4 (4) keep 18.25% of each multiple mutuel pool on 2 horses; and

5 (5) keep 24.25% of each multiple mutuel pool on 3 or more horses.

6 11-616.

7 A licensee whose average handle is \$600,000 or less shall:

8 (1) allocate FOR PURSES 0.50% of each mutuel pool [to the Commission as  
9 State tax];

10 (2) subject to § 11-618 of this subtitle, allocate 0.25% of each mutuel pool to  
11 the Maryland Harness Track Employees Pension Fund;

12 (3) keep 18.00% of each regular mutuel pool;

13 (4) keep 20.00% of each multiple mutuel pool on 2 horses; and

14 (5) keep 26.00% of each multiple mutuel pool on 3 or more horses.

15 SECTION 2. AND BE IT FURTHER ENACTED, That:

16 (a) Notwithstanding § 9-120 of the State Government Article, after cumulative  
17 distributions for Fiscal Year 1997 to the General Fund under § 9-120(b)(1)(ii) of the  
18 State Government Article total \$334,172,000, the remaining revenue that would otherwise  
19 be paid to the General Fund under § 9-120(b)(1)(ii) of the State Government Article  
20 shall be distributed to a special fund to be used only to increase purses at harness racing  
21 tracks and mile thoroughbred racing tracks in the State in accordance with this Act.

22 (b) In accordance with § 7-209 of the State Finance and Procurement Article, the  
23 Governor by budgetary amendment shall allocate money from the special fund created  
24 under subsection (a) of this section to increase purses at harness racing tracks and mile  
25 thoroughbred racing tracks.

26 (c) The purses shall be increased at harness racing tracks and mile thoroughbred  
27 racing tracks according to a formula determined by the State Racing Commission, the  
28 race track licensees, the organization that represents a majority of owners and trainers of  
29 standardbred horses in the State, and the organization that represents a majority of  
30 owners and trainers of thoroughbred horses in the State.

31 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
32 take effect July 1, 1997. It shall remain effective for a period of one year and, at the end  
33 of June 30, 1998, with no further action required by the General Assembly, Section 1 of  
34 this Act shall be abrogated and of no further force and effect.

35 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act  
36 shall take effect June 1, 1997.