

HOUSE BILL 1180

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C6

2000 Regular Session
0lr2506
CF 0lr2493

By: **Delegates Hixson, C. Davis, and Rzepkowski**
Introduced and read first time: February 11, 2000
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Racing Facility Redevelopment Act**

3 FOR the purpose of establishing the Maryland Racing Facility Redevelopment
4 Program; requiring the Racing Commission to perform certain acts to carry out
5 the Program; requiring eligible racing licensees before receiving assistance
6 under this Act to submit racing facility master plans to the Racing Commission;
7 requiring the Commission to approve a racing facility master plan if the plan
8 meets certain criteria; authorizing the Maryland Economic Development
9 Corporation to issue bonds under certain circumstances; specifying certain
10 funds available to eligible racing licensees for certain assistance; requiring the
11 Commission to approve an application for certain improvements and
12 expenditures if certain requirements are met; requiring the Commission to give
13 a certain notice to the Corporation; specifying a certain manner of apportioning
14 certain assistance to eligible racing licensees; requiring that a certain amount of
15 funds from the State lottery be credited to the Special Fund under certain
16 circumstances; requiring the Comptroller to pay a certain amount of money
17 from the Special Fund to the Corporation under certain circumstances; allowing
18 the allocation of certain moneys to be made in accordance with a certain
19 agreement; repealing certain provisions relating to certain increased revenue
20 allocated to certain licensees; altering the allocation of certain amounts bet on
21 certain thoroughbred and harness races; defining certain terms; providing for
22 the termination of a portion of this Act; and generally relating to horse racing in
23 the State.

24 BY repealing and reenacting, without amendments,
25 Article - Business Regulation
26 Section 11-402
27 Annotated Code of Maryland
28 (1998 Replacement Volume and 1999 Supplement)

29 BY adding to
30 Article - Business Regulation
31 Section 11-402.1 and 11-515.1; and 11-1201 through 11-1206, to be under the
32 new subtitle "Subtitle 12. Maryland Racing Facility Redevelopment

1 Program"
2 Annotated Code of Maryland
3 (1998 Replacement Volume and 1999 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article - Business Regulation
6 Section 11-514, 11-515, and 11-616
7 Annotated Code of Maryland
8 (1998 Replacement Volume and 1999 Supplement)

9 BY repealing
10 Article - Business Regulation
11 Section 11-517
12 Annotated Code of Maryland
13 (1998 Replacement Volume and 1999 Supplement)

14 Preamble

15 WHEREAS, Since the 1700s, Maryland's horse industry has been part of the
16 cultural and historical fabric of the State; and

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

20 WHEREAS, The more than 900 horse farms in Maryland that encompass more
21 than 200,000 acres provide employment for many Marylanders, preserve green open
22 spaces, and positively impact on land values;

23 WHEREAS, The State of Maryland and its citizens would benefit from the
24 retention of open spaces and green spaces in agricultural use, and it is necessary to
25 provide additional programs and funding to preserve the State's horse farms; and

26 WHEREAS, The horse industry employs more than 15,000 people and
27 generates nearly \$1 billion annually in economic activity for the State, more than any
28 other professional sport in the State; and

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

31 WHEREAS, The competition from other states for quality racehorses and the
32 betting dollars has increased as a result of mechanisms aimed at increasing purse
33 structures and providing funds for capital improvements to racing facilities in those
34 states; and

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

1 WHEREAS, Increased funding for the redevelopment of racing facilities in the
2 State will enhance the appeal of the sport, and increased attendance will support
3 industry growth; now, therefore

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

6 **Article - Business Regulation**

7 11-402.

8 The Special Fund consists of:

- 9 (1) the State share of daily licensee fees;
- 10 (2) pari-mutuel taxes;
- 11 (3) the impact aid under § 11-812 of this title;
- 12 (4) except as provided in § 11-521 of this title, money from uncashed
13 pari-mutuel tickets that are from bets made into the betting pools of nonharness
14 licensees; and
- 15 (5) any permit fees under §§ 11-820 and 11-832 of this title.

16 11-402.1.

17 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE
18 COMPTROLLER SHALL PAY FROM THE SPECIAL FUND ESTABLISHED UNDER § 11-401
19 OF THIS SUBTITLE TO THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION AN
20 AMOUNT EQUAL TO THE PARI-MUTUEL TAXES COLLECTED.

21 (B) ON CERTIFICATION BY THE MARYLAND ECONOMIC DEVELOPMENT
22 CORPORATION TO THE COMPTROLLER THAT THE FULL AMOUNT OF PARI-MUTUEL
23 TAXES COLLECTED IS NOT NEEDED BY THE CORPORATION, THE COMPTROLLER
24 SHALL PAY FROM THE SPECIAL FUND TO THE CORPORATION PART OF THE
25 PARI-MUTUEL TAXES COLLECTED IN AN AMOUNT DETERMINED BY THE
26 CORPORATION.

27 (C) SHOULD ANY PORTION OF THE AMOUNT EQUAL TO THE PARI-MUTUEL
28 TAX BE PAID FROM THE SPECIAL FUND SO AS TO SUPPORT CAPITAL IMPROVEMENTS
29 FOR ELIGIBLE RACING LICENSEES, 100% OF THAT AMOUNT SHALL BE APPROPRIATED
30 FROM EXCESS LOTTERY FUNDS OR THE GENERAL FUND FOR SO LONG AS THAT
31 AMOUNT IS DIVERTED FROM THE SPECIAL FUND IN SUPPORT OF CAPITAL
32 IMPROVEMENTS.

33 11-514.

34 (a) A licensee shall deduct from the handle:

- 1 (1) all the breakage;
- 2 (2) [17%] 17.25% from each regular mutuel pool;
- 3 (3) [19%] 21.75% from each multiple mutuel pool on 2 horses; and
- 4 (4) [25%] 25.25% from each multiple mutuel pool on 3 or more horses.

5 (b) Money that remains after deductions are made under subsection (a) of this
6 section shall be returned as winnings to successful bettors.

7 11-515.1.

8 (A) (1) NOTWITHSTANDING § 11-515 OF THIS SUBTITLE, THE AMOUNT OF
9 THE TAKEOUT RELATING TO PURSES, THE MARYLANDBRED RACE FUND, AND THE
10 AMOUNT RETAINED BY THE LICENSEE MAY BE ALLOCATED IN ACCORDANCE WITH
11 THE TERMS OF A WRITTEN AGREEMENT SIGNED BY THE AUTHORIZED
12 REPRESENTATIVES OF:

13 (I) THE LICENSEE;

14 (II) THE GROUP THAT REPRESENTS A MAJORITY OF THE OWNERS
15 AND TRAINERS LICENSED IN THE STATE AT THE TIME THE AGREEMENT IS SIGNED;
16 AND

17 (III) THE GROUP THAT REPRESENTS A MAJORITY OF THE BREEDERS
18 IN THE STATE AT THE TIME THE AGREEMENT IS SIGNED.

19 (2) NOTHING IN THIS SUBSECTION MAY BE CONSTRUED TO PERMIT THE
20 LICENSEE TO IN ANY WAY ALTER THE MANDATORY TAKEOUT ALLOCATED TO THE
21 COMMISSION FOR:

22 (I) THE STATE TAX; OR

23 (II) THE PAYMENT TO THE MARYLAND ECONOMIC DEVELOPMENT
24 CORPORATION.

25 [11-517.

26 (a) In this section, "increased revenue" means the revenue from the increased
27 percentage of the takeout that has been allocated since July 1, 1985, to a licensee.

28 (b) Increased revenue is provided so that a licensee shall improve the facilities
29 and services of its track and increase its marketing activity, so as to promote:

30 (1) increased attendance and pari-mutuel betting; and

31 (2) enhanced well-being of the racing industry.

32 (d) The General Assembly, by statute, may direct that the Commission not
33 award in the following calendar year part or all of the additional racing days

1 authorized under § 11-511 of this subtitle to the licensee, if the General Assembly
2 finds that:

3 (1) the proposed use of the increased revenue is inconsistent with the
4 purposes specified under this section; or

5 (2) the licensee has not spent the increased revenue as proposed.

6 (e) In addition to the expenditures required by subsection (b) of this section, in
7 each year a licensee shall spend for capital improvements, marketing, public
8 relations, and maintenance not less than the average yearly expenditure for the same
9 activities in the 3 fiscal years of the licensee that immediately preceded April 9,
10 1985.]

11 SUBTITLE 12. MARYLAND RACING FACILITY REDEVELOPMENT PROGRAM.

12 11-1201.

13 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
14 INDICATED.

15 (B) "CORPORATION" MEANS THE MARYLAND ECONOMIC DEVELOPMENT
16 CORPORATION.

17 (C) "ELIGIBLE RACING LICENSEE" MEANS A MILE THOROUGHBRED LICENSEE
18 OR A HARNESS RACING LICENSEE THAT CONDUCTS LIVE RACING WHEN BONDS ARE
19 ISSUED AND ALLOCATES TAKEOUT TO THE CORPORATION UNDER § 11-515 OR § 11-614
20 OF THIS TITLE.

21 (D) "RACING FACILITY" MEANS A RACE TRACK OR A SATELLITE SIMULCAST
22 FACILITY OWNED, OPERATED, OR CONTROLLED BY AN ELIGIBLE RACING LICENSEE.

23 11-1202.

24 (A) THE COMMISSION SHALL ESTABLISH A MARYLAND RACING FACILITY
25 REDEVELOPMENT PROGRAM.

26 (B) TO CARRY OUT THE PROGRAM, THE COMMISSION:

27 (1) SHALL REVIEW RACING FACILITY MASTER PLANS THAT ELIGIBLE
28 RACING LICENSEES SUBMIT UNDER § 11-1203(A) OF THIS SUBTITLE; AND

29 (2) MAY APPROVE REQUESTS FROM ELIGIBLE RACING LICENSEES TO
30 USE PROCEEDS FROM BONDS ISSUED BY THE MARYLAND ECONOMIC DEVELOPMENT
31 CORPORATION FOR CAPITAL IMPROVEMENTS OR RELATED EXPENDITURES.

32 11-1203.

33 (A) BEFORE RECEIVING ASSISTANCE UNDER § 11-1204 OF THIS SUBTITLE FOR
34 A SPECIFIC CAPITAL IMPROVEMENT OR EXPENDITURE, AN ELIGIBLE RACING

1 LICENSEE SHALL SUBMIT FOR APPROVAL TO THE COMMISSION A RACING FACILITY
2 MASTER PLAN.

3 (B) THE COMMISSION SHALL APPROVE AN ELIGIBLE RACING LICENSEE'S
4 RACING FACILITY MASTER PLAN IF:

5 (1) THE COMMISSION FINDS THAT THE PLAN IS IN THE BEST INTEREST
6 OF RACING IN THE STATE;

7 (2) THE APPLICANT SUBMITS A STATEMENT THAT THE PLAN MEETS
8 APPLICABLE LAND USE LAWS AND REGULATIONS;

9 (3) FOR PIMLICO RACE COURSE IN BALTIMORE CITY, THE APPLICANT
10 SUBMITS A STATEMENT THAT THE PLAN MEETS THE REQUIREMENTS OF THE
11 BALTIMORE CITY PLANNED UNIT DEVELOPMENT ORDINANCE 75-977;

12 (4) THE APPLICANT SUBMITS A FEASIBILITY STUDY OF THE PROPOSED
13 IMPROVEMENTS AND RELATED EXPENDITURES, INCLUDING IMPACT ON BETTING
14 AND REVENUES AT THE RACING FACILITY; AND

15 (5) THE APPLICANT PROVIDES INFORMATION ON THE AMOUNT OF
16 EXPENDITURES RELATED TO THE IMPROVEMENTS THAT WILL BE PAID TO MINORITY
17 BUSINESS ENTERPRISES.

18 (C) THE CORPORATION MAY ISSUE A BOND AFTER THE COMMISSION
19 NOTIFIES THE CORPORATION THAT A RACING FACILITY MASTER PLAN HAS BEEN
20 APPROVED.

21 11-1204.

22 (A) SUBJECT TO THE AVAILABILITY OF FUNDS, AN ELIGIBLE RACING
23 LICENSEE QUALIFIES FOR ASSISTANCE FROM THE MARYLAND RACING FACILITY
24 REDEVELOPMENT PROGRAM IF THE COMMISSION APPROVES AN APPLICATION.

25 (B) FUNDS AVAILABLE TO ELIGIBLE RACING LICENSEES FOR ASSISTANCE
26 WITH CAPITAL IMPROVEMENTS AND RELATED EXPENDITURES UNDER THIS SECTION
27 INCLUDE:

28 (1) PROCEEDS FROM THE SALE OF BONDS BY THE CORPORATION UNDER
29 TITLE 5, SUBTITLE 2 OF ARTICLE 83A OF THE CODE;

30 (2) FUNDS APPROPRIATED FOR ASSISTANCE WITH CAPITAL
31 IMPROVEMENTS AND RELATED COSTS; AND

32 (3) REVENUES COLLECTED OR RECEIVED BY THE CORPORATION FROM
33 ANY SOURCES, INCLUDING THOSE ESTABLISHED UNDER §§ 11-402.1, 11-515, AND
34 11-614 OF THIS TITLE, THAT ARE RELATED TO RACING FACILITIES.

35 (C) THE COMMISSION SHALL APPROVE AN APPLICATION FOR A SPECIFIC
36 CAPITAL IMPROVEMENT AND RELATED EXPENDITURES IF:

1 (1) THE SPECIFIC CAPITAL IMPROVEMENT IS CONTAINED WITHIN A
2 RACING FACILITY MASTER PLAN THAT HAS BEEN APPROVED BY THE COMMISSION
3 UNDER § 11-1203 OF THIS SUBTITLE; AND

4 (2) THE APPLICANT PROVIDES EVIDENCE THAT THE APPLICANT WILL
5 MAKE CAPITAL EXPENDITURES:

6 (I) IN THE YEAR FOR WHICH ASSISTANCE UNDER THIS SUBTITLE
7 IS REQUESTED; AND

8 (II) IN AN AMOUNT NOT LESS THAN THE AVERAGE AMOUNT OF
9 CAPITAL EXPENDITURES MADE DURING THE CALENDAR YEARS FROM 1994 THROUGH
10 1998.

11 (D) THE COMMISSION SHALL NOTIFY THE CORPORATION OF THE APPROVAL
12 OF AN APPLICATION UNDER THIS SECTION BEFORE THE CORPORATION MAY
13 RELEASE FUNDS TO AN ELIGIBLE RACING LICENSEE.

14 11-1205.

15 TOTAL ASSISTANCE GRANTED TO ELIGIBLE RACING LICENSEES UNDER THIS
16 SUBTITLE SHALL BE APPORTIONED IN THE FOLLOWING MANNER:

17 (1) 80% TO ELIGIBLE RACING LICENSEES THAT ARE MILE
18 THOROUGHBRED RACING LICENSEES; AND

19 (2) 20% TO ELIGIBLE RACING LICENSEES THAT ARE HARNESS RACING
20 LICENSEES.

21 11-1206.

22 (A) NOTWITHSTANDING § 9-120 OF THE STATE GOVERNMENT ARTICLE AND
23 SUBJECT TO SUBSECTION (B) OF THIS SECTION, AN EXCESS AMOUNT OF FUNDS
24 DISTRIBUTED TO THE GENERAL FUND UNDER § 120(B)(1)(II) OF THE STATE
25 GOVERNMENT ARTICLE SHALL BE CREDITED TO THE SPECIAL FUND ESTABLISHED
26 UNDER § 11-401 OF THIS ARTICLE IF:

27 (1) THE EXCESS AMOUNT OF FUNDS RESULTS FROM CUMULATIVE
28 DISTRIBUTIONS IN A FISCAL YEAR TO THE GENERAL FUND UNDER § 9-120(B)(1)(II) OF
29 THE STATE GOVERNMENT ARTICLE EXCEEDING THE LAST OFFICIAL ESTIMATE OF
30 THE BOARD OF REVENUE ESTIMATES FOR THAT YEAR; AND

31 (2) THE COMPTROLLER MAKES PAYMENTS TO THE CORPORATION
32 UNDER § 11-402.1 OF THIS TITLE.

33 (B) THE EXCESS AMOUNT OF FUNDS SHALL BE CREDITED ONLY IN THE
34 AMOUNT OF THE PAYMENT TO THE CORPORATION UNDER § 11-402.1 OF THIS TITLE.

35 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
36 read as follows:

Article - Business Regulation

1 11-515.

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

4 (b) A licensee shall:

5 (1) keep 50% of the breakage;

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

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

8 (c) From the [17%] 17.25% that a licensee deducts from each regular mutuel
9 pool, the licensee shall:

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

13 (2) allocate 0.50% of each regular mutuel pool to the Commission for
14 State tax;

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

17 (4) allocate 7.70% of each regular mutuel pool for purses; AND

18 (5) ALLOCATE 0.25% OF EACH REGULAR MUTUEL POOL TO THE
19 COMMISSION FOR PAYMENT TO THE MARYLAND ECONOMIC DEVELOPMENT
20 CORPORATION.

21 (d) From the [19%] 21.75% that a licensee deducts from each multiple mutuel
22 pool on 2 horses, the licensee shall:

23 (1) keep 8.70% of each multiple mutuel pool, from which the licensee
24 shall pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees
25 Pension 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
29 Race Fund; [and]

30 (4) allocate 8.70% of each multiple mutuel pool for purses; AND
31

1 (5) ALLOCATE 2.75% OF EACH MULTIPLE MUTUEL POOL TO THE
2 COMMISSION FOR PAYMENT TO THE MARYLAND ECONOMIC DEVELOPMENT
3 CORPORATION.

4 (e) From the [25%] 25.25% that a licensee deducts from each multiple mutuel
5 pool on 3 or more horses, the licensee shall:

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

9 (2) allocate 0.50% of each multiple mutuel pool to the Commission for
10 State tax;

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

13 (4) allocate 11.70% of each multiple mutuel pool for purses; AND

14 (5) ALLOCATE 0.25% OF EACH MULTIPLE MUTUEL POOL TO THE
15 COMMISSION FOR PAYMENT TO THE MARYLAND ECONOMIC DEVELOPMENT
16 CORPORATION.

17 11-616.

18 (A) A licensee whose average handle is MORE THAN \$200,000 BUT NOT MORE
19 THAN \$600,000 [or less] shall:

20 (1) allocate 0.50% of each mutuel pool to the Commission as State tax;

21 (2) [allocate for purses 0.18% of each mutuel pool, or an amount that is
22 otherwise agreed to by the licensee and the organization representing a majority of
23 the harness owners and trainers in the State, which shall provide revenue in addition
24 to any other funds set aside for purses by private parties;]

25 [(3)] subject to § 11-618 of this subtitle, allocate 0.25% of each mutuel pool
26 to the Maryland Harness Track Employees Pension Fund;

27 (3) ALLOCATE 1.5% OF EACH MUTUEL POOL TO THE COMMISSION FOR
28 PAYMENT TO THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION;

29 (4) keep 18.00% of each regular mutuel pool;

30 (5) keep 20.00% of each multiple mutuel pool on 2 horses; and

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

32 (B) A LICENSEE WHOSE AVERAGE HANDLE IS \$200,000 OR LESS SHALL:

33 (1) ALLOCATE 0.50% OF EACH MUTUEL POOL TO THE COMMISSION AS A
34 STATE TAX;

1 (2) SUBJECT TO § 11-618 OF THIS SUBTITLE, ALLOCATE 0.25% OF EACH
2 MUTUEL POOL TO THE MARYLAND HARNESS TRACK EMPLOYEES PENSION FUND;

3 (3) KEEP 18.00% OF EACH REGULAR MUTUEL POOL;

4 (4) KEEP 20.00% OF EACH MULTIPLE MUTUEL POOL ON 2 HORSES; AND

5 (5) KEEP 26.00% OF EACH MULTIPLE MUTUEL POOL ON 3 OR MORE
6 HORSES.

7 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act
8 shall remain effective until the bonds issued by the Maryland Economic Development
9 Corporation for the purposes of this Act, and the obligations thereunder, have been
10 fully satisfied and are expired, and with no further action required by the General
11 Assembly, Section 2 of this Act shall be abrogated and of no further force and effect.

12 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take
13 effect July 1, 2000.