

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 910 (Senator Muse)  
Finance

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Horse Racing - State Racing Commission - Membership

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This bill alters the procedure and criteria to be used by the Governor for appointing members of the State Racing Commission.

The bill specifies that it is the intent of the General Assembly that the terms of the members of the State Racing Commission serving on October 1, 2011, expire on that date and that the Governor reconstitute the commission using the procedure described in the bill.

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Fiscal Summary

**State Effect:** None. The bill is procedural in nature and does not significantly affect State operations and finances.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** The bill specifies that commission members must be selected by the Governor in the following manner:

- three members from a list provided by (1) the Maryland Thoroughbred Horsemen's Association; (2) the Maryland Thoroughbred Breeders Association; and (3) the owners and operators of the thoroughbred racetracks in the State;

- three members from a list provided by (1) the Maryland Standardbred Horsemen's Association; (2) the Maryland Standardbred Breeders Association; and (3) the owners and operators of the standardbred racetracks in the State; and
- three members from the public at large, none of whom shall have a past or current affiliation with horse racing.

The bill requires the Governor to select the chairman of the commission from one of the members selected from the public at large.

**Current Law:** The State Racing Commission is comprised of nine members appointed by the Governor with the advice and consent of the Senate. Of the nine members, at least three members must have a background in thoroughbred racing and three members must have a background in harness racing. In addition, no more than four members may have a financial interest in Maryland horse racing and no more than six members may belong to the same political party. Commissioners serve four-year terms and receive compensation and reimbursement for travel expenses as provided in the annual State budget. The State Racing Commission is housed within the Division of Racing in the Department of Labor, Licensing, and Regulation.

**Background:** Prior to 1920, local jurisdictions regulated racetracks. In response to growing public concerns about the potential for wrong-doing within the horse racing industry, the General Assembly, in 1920, established the State Racing Commission to serve as a statewide regulatory and licensing body for the industry. The State Racing Commission regulates both harness and thoroughbred racing, as well as any steeplechase race at which pari-mutuel wagering is held. In this regulatory role, the commission is vested with the authority to prescribe the conditions under which all horse races are conducted within the State. The commission is authorized to:

- adopt regulations and conditions to govern racing and pari-mutuel betting in the State;
- approve specific types of betting and admission charges;
- operate a testing laboratory;
- assign racing dates;
- regulate satellite simulcast betting;
- license individuals employed at or connected with the racetracks;
- audit and supervise racetrack financial operations;
- administer and approve the activities of the Maryland-Bred Race Fund and the Standardbred Race Fund;
- administer the Maryland Jockey Injury Compensation Fund; and
- collect taxes and fees imposed under the Code of Maryland Regulations.

Most of the commission's activities are carried out by an executive director and staff operating in the Division of Racing. Staff employed by the State Racing Commission include stewards, judges, veterinarians, licensing officials, and laboratory employees.

In addition to its regulatory activities, the State Racing Commission administers the Maryland-Bred Race Fund and the Maryland Standardbred Race Fund. The Maryland-Bred Race Fund was created in 1962 as an incentive program to encourage the improvement of thoroughbred horse breeding and racing in Maryland. The Standardbred Race Fund, created in 1971, serves as an incentive program to promote the breeding and racing of standardbred horses in Maryland.

The proposed fiscal 2012 State budget includes \$386,072 in general fund expenditures for the State Racing Commission and an additional \$1.9 million in expenditures for racetrack operations.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

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