

## Chapter 727

## (House Bill 965)

AN ACT concerning

**The Maryland International and Preakness Stakes Incentive Act of 2016**

FOR the purpose of establishing the Maryland International thoroughbred race; providing that the Maryland International is a Grade 1 stakes race run on a certain track; providing for the funding of a certain purse for the Maryland International race *beginning on a certain date*; providing for the application of certain takeout provisions and the payment of certain taxes and fees; requiring the State Racing Commission to approve a certain race; providing for the use of certain special funds for a certain race; providing that certain money from ~~the State Lottery Fund a certain unclaimed prize fund~~ *the State Lottery Fund* be distributed to pay certain Maryland-bred ~~or -sired~~ horses ~~who win running in~~ the Preakness Stakes ~~or are eligible for certain purses from the Preakness Stakes~~ *in a certain fiscal year* under certain conditions; *providing that certain money from the State Lottery Fund be distributed to pay for certain sporting events by the Maryland Office of Sports Marketing in the Maryland Stadium Authority and Maryland History Day and other programming by the Maryland Humanities Council beginning on a certain date*; ~~requiring~~ *prohibiting* that certain funds revert to the ~~State Lottery Fund~~ *General Fund* under certain circumstances; requiring the Comptroller to distribute certain funds to a certain special fund; ~~requiring the State Lottery and Gaming Control Agency to account for certain funds by reducing certain funds for a certain purpose by a certain amount~~ *requiring authorizing the licensee to make the Maryland Lottery and Gaming Control Agency a sponsor of the Maryland International thoroughbred race*; ~~providing for the termination of certain provisions~~ of this Act; and generally relating to the Maryland International thoroughbred race, the Preakness Stakes, and Maryland-bred ~~or -sired~~ horses.

BY repealing and reenacting, with amendments,  
 Article – Business Regulation  
 Section 11–402 and 11–403  
 Annotated Code of Maryland  
 (2015 Replacement Volume and 2015 Supplement)

BY adding to  
 Article – Business Regulation  
 Section 11–522.1  
 Annotated Code of Maryland  
 (2015 Replacement Volume and 2015 Supplement)

~~BY repealing and reenacting, with amendments,  
 Article – State Government  
 Section 9–120(a)~~

~~Annotated Code of Maryland  
(2014 Replacement Volume and 2015 Supplement)~~

*BY repealing and reenacting, with amendments,*

*Article – State Government*

*Section 9–120(b)(1)*

*Annotated Code of Maryland*

*(2014 Replacement Volume and 2015 Supplement)*

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

### **Article – Business Regulation**

11–402.

The Special Fund consists of:

- (1) the State share of daily licensee fees;
- (2) pari–mutuel taxes;
- (3) the impact aid under § 11–812 of this title;
- (4) money from uncashed pari–mutuel tickets that are from bets made into the betting pools of licensees; [and]
- (5) any permit fees under §§ 11–820 and 11–832 of this title; AND
- (6) **SUBJECT TO § 11–403(A)(9) AND (B) OF THIS SUBTITLE, MONEY FROM ~~THE STATE LOTTERY FUND DISTRIBUTED UNDER § 9–120(A)(2) AN UNCLAIMED PRIZE FUND ESTABLISHED UNDER § 9–122(F)~~ THE STATE LOTTERY FUND DISTRIBUTED UNDER § 9–120(B) OF THE STATE GOVERNMENT ARTICLE.**

11–403.

- (a) The Comptroller shall pay from the Special Fund an annual grant of:
  - (1) \$825,000 to the Maryland Agricultural Fair Board to promote State and county agricultural fairs and exhibits;
  - (2) \$100,000 to Prince George’s County to replace money formerly received from the admissions and amusement tax;

(3) \$40,000 to the Great Frederick Fair to support exhibition harness racing with money for construction and maintenance of new stalls, track maintenance, and purses;

(4) \$50 to the City of Bowie for each day that the training facilities are open at the Bowie Race Course Training Center;

(5) \$75,000 to the Maryland Agricultural Education Foundation, Inc., to promote and enhance statewide agricultural education;

(6) an amount not to exceed \$30,000 in fiscal year 1998 and \$20,000 in each fiscal year thereafter to the Great Pocomoke Fair, Inc. to support exhibition harness racing with money for construction and maintenance of new stalls, track maintenance, and purses;

(7) \$500,000 to the Maryland Million, Ltd. to support and promote the running of Maryland Million races; [and]

(8) \$350,000 to the Maryland Standardbred Race Fund for the Sire Stakes Program; AND

(9) BEGINNING JULY 1, 2017, \$500,000 FROM THE MONEY DISTRIBUTED UNDER ~~§ 9-120(A)(2)~~ § 9-120(B) OF THE STATE GOVERNMENT ARTICLE:

(I) \$500,000 TO A PURSE FOR THE MARYLAND INTERNATIONAL THOROUGHBRED RACE UNDER § 11-522.1 OF THIS TITLE;

(II) \$350,000 TO THE MARYLAND OFFICE OF SPORTS MARKETING IN THE MARYLAND STADIUM AUTHORITY FOR INCENTIVE GRANTS FOR YOUTH AND AMATEUR SPORTING EVENTS; AND

(III) \$150,000 TO THE MARYLAND HUMANITIES COUNCIL FOR MARYLAND HISTORY DAY AND OTHER PROGRAMMING.

~~(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE COMPTROLLER SHALL PAY FROM THE MONEY DISTRIBUTED TO THE SPECIAL FUND UNDER § 9-120(A)(2) OF THE STATE GOVERNMENT ARTICLE AN ANNUAL GRANT OF:~~

~~(I) \$500,000 TO THE WINNING HORSE OF THE PREAKNESS STAKES IN A CALENDAR YEAR IF THE WINNING HORSE IS A MARYLAND BRED OR SIRE HORSE; AND~~

~~(II) \$100,000 TO A MARYLAND BRED OR SIRE HORSE THAT IS:~~

~~1. ELIGIBLE FOR PREAKNESS STAKES PURSE MONEY BASED ON THE CONDITIONS OF THE RACE THAT DETERMINE THE DISTRIBUTION OF PURSES IN A CALENDAR YEAR; AND~~

~~2. NOT THE WINNING HORSE OF THE PREAKNESS STAKES.~~

~~(2) IF A MARYLAND-BRED OR SIREN HORSE DOES NOT WIN THE PREAKNESS STAKES IN A CALENDAR YEAR OR IS NOT ELIGIBLE FOR PURSE MONEY BASED ON THE CONDITIONS OF THE RACE THAT DETERMINE THE DISTRIBUTION OF PURSES FOR THE PREAKNESS STAKES IN A CALENDAR YEAR, ANY UNUSED FUNDS DISTRIBUTED BY THE COMPTROLLER TO THE SPECIAL FUND SHALL REVERT TO THE STATE LOTTERY FUND.~~

*(B) (1) IN FISCAL YEAR 2017, THE COMPTROLLER SHALL PAY, FROM THE MONEY DISTRIBUTED TO THE SPECIAL FUND, \$500,000 TO THE MARYLAND RACING COMMISSION TO BE USED, IN A MANNER DETERMINED BY THE MARYLAND RACING COMMISSION, FOR A BONUS AWARD PROGRAM FOR MARYLAND-BRED OR MARYLAND-SIRED HORSES RUNNING IN THE PREAKNESS STAKES.*

*(2) THE MARYLAND RACING COMMISSION SHALL CONSULT WITH REPRESENTATIVES OF THE THOROUGHBRED RACING INDUSTRY PRIOR TO ESTABLISHING THE RULES AND CRITERIA FOR THE BONUS AWARD PROGRAM.*

*(3) IF, UNDER THE RULES OF THE BONUS AWARD PROGRAM, FUNDS REMAIN IN THE PROGRAM AFTER THE PREAKNESS STAKES IS CONDUCTED ON ONE OR MORE OCCASIONS, REMAINING FUNDS SHALL CARRY OVER TO THE NEXT FISCAL YEAR AND MAY NOT REVERT TO THE GENERAL FUND.*

**[(b)] (C)** If the Maryland State Fair remains at the Timonium Fair Grounds, the Comptroller shall pay from the Special Fund an annual grant of:

(1) \$500,000 to the Maryland State Fair and Agricultural Society, Inc., to:

(i) promote and enhance the Maryland State Fair; and

(ii) maintain and develop youth programs, with premium money provided to organizations, such as 4-H Clubs and the Future Farmers of America, for recognition and awards; and

(2) \$50,000 to Baltimore County to replace the money formerly received by the county under this subtitle.

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

**11-522.1.**

**(A) (1) THERE IS A MARYLAND INTERNATIONAL THOROUGHBRED RACE CONDUCTED BY A LICENSEE AT LAUREL PARK.**

**(2) THE MARYLAND INTERNATIONAL IS A GRADE 1 STAKES RACE RUN ON A TURF TRACK.**

**(B) THE PURSE FOR THE MARYLAND INTERNATIONAL SHALL BE FUNDED BY THE SPECIAL FUND ESTABLISHED UNDER § 11-402 OF THIS TITLE.**

**(C) THE TAKEOUT PROVISIONS OF ~~§§ 11-514 AND 11-515~~ OF THIS SUBTITLE SHALL APPLY TO THE MARYLAND INTERNATIONAL.**

**(D) THE LICENSEE SHALL PAY ALL TAXES AND FEES ASSOCIATED WITH THE MARYLAND INTERNATIONAL THAT WOULD OTHERWISE BE IMPOSED FOR A THOROUGHBRED RACE.**

**(E) THE MARYLAND INTERNATIONAL SHALL BE CONDUCTED ONLY WITH THE APPROVAL OF THE COMMISSION.**

**(F) THE LICENSEE ~~SHALL~~ MAY MAKE THE MARYLAND LOTTERY AND GAMING CONTROL AGENCY A SPONSOR OF THE MARYLAND INTERNATIONAL UNDER TERMS AGREED ON BY THE LICENSEE AND THE AGENCY.**

~~**Article State Government**~~

~~9-120.~~

~~(a) (1) The Comptroller shall distribute, or cause to be distributed, the State Lottery Fund to pay:~~

~~[(1)] (I) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, on a pro rata basis for the daily and nondaily State lottery games, the expenses of administering and operating the State lottery, as authorized under this subtitle and the State budget; and~~

~~[(2)] (II) then, except as provided in § 10-113.1 of the Family Law Article, § 11-618 of the Criminal Procedure Article, and § 3-307 of the State Finance and Procurement Article, the holder of each winning ticket or share.~~

~~**(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, FROM THE AMOUNT THAT THE COMPTROLLER DISTRIBUTES FOR ADMINISTERING**~~

~~AND OPERATING THE STATE LOTTERY, THE COMPTROLLER SHALL ANNUALLY DISTRIBUTE \$1,100,000 TO THE RACING SPECIAL FUND ESTABLISHED UNDER § 11-401 OF THE BUSINESS REGULATION ARTICLE.~~

~~(H) THE AGENCY SHALL ACCOUNT FOR THE FUNDS DISTRIBUTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH BY REDUCING THE AMOUNT TO BE SPENT BY THE AGENCY FOR MARKETING BY \$1,100,000.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2016.~~

*Article – State Government*

9-120.

(b) (1) By the end of the month following collection, the Comptroller shall deposit or cause to be deposited:

(i) into the Maryland Stadium Facilities Fund established under § 7-312 of the State Finance and Procurement Article from the money that remains in the State Lottery Fund, after the distribution under subsection (a) of this section, an amount not to exceed \$20,000,000 in any fiscal year;

(ii) after June 30, 2014, into the Maryland Veterans Trust Fund 10% of the money that remains in the State Lottery Fund from the proceeds of sales of tickets from instant ticket lottery machines by veterans' organizations under § 9-112(d) of this subtitle, after the distribution under subsection (a) of this section;

(iii) after June 30, 2014, into the Baltimore City Public School Construction Financing Fund established under § 10-656 of the Economic Development Article the money that remains in the State Lottery Fund from the proceeds of all lotteries after the distributions under subsection (a) of this section and items (i) and (ii) of this paragraph, an amount equal to \$20,000,000 in each fiscal year that bonds are outstanding and unpaid, to be paid in two installments with at least \$10,000,000 paid no later than December 1 of each fiscal year; [and]

(IV) AFTER JUNE 30, 2016, INTO THE RACING SPECIAL FUND ESTABLISHED UNDER § 11-401 OF THE BUSINESS REGULATION ARTICLE FROM MONEY THAT REMAINS IN THE STATE LOTTERY FUND AFTER THE DISTRIBUTIONS UNDER SUBSECTION (A) OF THIS SECTION AND ITEMS (I), (II), AND (III) OF THIS PARAGRAPH, AN AMOUNT EQUAL TO ~~\$500,000~~ \$1,000,000 IN EACH FISCAL YEAR; AND

[(iv)] (V) into the General Fund of the State the money that remains in the State Lottery Fund from the proceeds of all lotteries after the distributions under subsection (a) of this section and items (i), (ii), [and] (iii), AND (IV) of this paragraph.

SECTION ~~2~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October~~ July 1, 2016. ~~Section 2 of this Act~~ It shall remain effective for a period of ~~5~~ 3 years and, at the end of ~~September 30, 2021~~ June 30, 2019, with no further action required by the General Assembly, ~~Section 2 of this Act~~ shall be abrogated and of no further force and effect.

**Enacted under Article II, § 17(c) of the Maryland Constitution, May 28, 2016.**