

**Maryland General Assembly
Department of Legislative Services**

**Emergency/Proposed Regulation
Department of Labor, Licensing, and Regulation
(DLS Control No. 14-016)**

Overview and Legal and Fiscal Impact

This emergency/proposed regulation alters awards made from the Maryland-Bred Race Fund to breeders and owners of horses which finish fourth in stakes races and repeals a requirement that the percentage of owner's awards be determined in a certain manner.

The regulation presents no legal issue of concern.

There is no impact on State or local governments.

Regulation of COMAR Affected

Department of Labor, Licensing, and Regulation:

Racing Commission: Thoroughbred Rules: COMAR 09.10.01.49

Legal Analysis

Background

The General Assembly created the Maryland-Bred Race Fund (fund) in 1962. The fund consists primarily of revenue from the percentage of the take from all horse races held by thoroughbred tracks. The fund is then apportioned among purses for stakes races for Maryland-bred horses and awards given to the owners and breeders. In order to be a registered Maryland-bred horse eligible for the awards, a horse must be foaled (born) in Maryland. Additionally, the horse must meet one of the following requirements: the breeder of the horse must reside in Maryland for more than nine months before the registration; the horse must be conceived in Maryland in the previous season; or the horse's dam must have been sent to Maryland to foal and, after foaling, was covered by a Maryland stallion during the season of the horse's birth.

Owner awards are paid when Maryland-bred horses win races other than stakes races and certain other races. Breeder awards and stallion awards are paid when a Maryland-bred horse wins or places in any stakes race in the State. Finally, yearling show bonus awards are given to the four highest winning two-year-olds and three-year-olds shown at the annual Maryland Horse Breeders Association show.

The Racing Commission indicates that the changes contained in this regulation bring the regulation in line with a written agreement between the horseman and breeders of the State and that the particular changes in this regulation were overlooked when the rest of the agreement was put into regulation in the fall of 2013.

Summary of Regulation

The regulation removes awards made from the Maryland-Bred Race Fund to the breeder of a registered Maryland-bred horse which finished fourth in a stakes race, and to the owner of a stallion if a registered Maryland-bred, sired by the stallion, finished fourth in a stakes race.

The regulation repeals the requirement that the percentage of owner's awards be determined based on a relationship between the total amount of the purses on which the awards are to be paid and the total amount of money available to be distributed for owner awards. The regulation also repeals a reference to the owner award percentage for Maryland-Bred Fund races, except the races conducted on Maryland Million Day.

Legal Issue

The regulation presents no legal issue of concern.

Statutory Authority and Legislative Intent

The commission cites § 11-210 of the Business Regulation Article as legal authority for the regulation. Section 11-210 authorizes the commission to adopt regulations to govern racing and betting on racing in the State. The section also authorizes the commission to approve or disapprove of the size of the purse, reward, or stake to be offered at a race. This authority is correct and complete. The regulation complies with the legislative intent of the law.

Reason for Emergency Status

The department requests emergency status to begin January 1, 2014, and to expire June 30, 2014, to cover the period until final adoption of the accompanying permanent, nonemergency regulation. This period is within normal timeframes approved by the committee. The department indicates the emergency status is needed to bring the regulations in line with a written agreement between the horseman and breeders of the State. The department indicates that the changes contained in this regulation were overlooked when the rest of the agreement was put into regulation in the fall of 2013.

Fiscal Analysis

There is no impact on State or local governments.

Agency Estimate of Projected Fiscal Impact

The Department of Labor, Licensing, and Regulation indicates that the regulation complies with a recent written agreement between the thoroughbred breeders and horsemen regarding the distribution of owner awards.

Impact on Budget

There is no impact on the State operating or capital budget.

Agency Estimate of Projected Small Business Impact

The Department of Labor, Licensing, and Regulation advises that the regulation has minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

Contact Information

Legal Analysis: Lindsay A. Eastwood – (410) 946/(301) 970-5350

Fiscal Analysis: Michael D. Sanelli – (410) 946/(301) 970-5510