

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 364 (Senator Baker, *et al.*)
Judicial Proceedings

Motor Vehicles - Commemorative License Plate - Horse Racing and Horse Breeding

This bill authorizes the Motor Vehicle Administration (MVA) to issue a commemorative license plate commemorating the history of horse racing and breeding in the State. The MVA must set a fee that is sufficient to cover the costs of issuing the plates and to generate a surplus, which is to be used to increase horse racing purses.

Fiscal Summary

State Effect: Special fund revenues and expenditures could increase by equivalent amounts as discussed below.

Local Effect: None.

Small Business Effect: Minimal effect on small businesses as discussed below.

Fiscal Analysis

State Revenues: The level of interest that could be generated by a commemorative plate cannot be reliably estimated at this time, although the Department of Fiscal Services notes that an estimated 12,000 licenses relating to horse racing will be issued in fiscal 1998, and attendance at the tracks is expected to approach three million. Currently, there is a \$20 fee for Chesapeake Bay commemorative plates, from which the MVA retains \$8 for cost recovery. The remaining revenue is remitted to the Chesapeake Bay Trust (\$623,916 in fiscal 1996, or about 52,000 plates). It is assumed that the fee for the horse racing plate would be set at a similar level, with the surplus ultimately used to increase purses. Thus, any excess revenue would not accrue to the State general or special funds.

State Expenditures: The MVA advises that \$35,950 in data processing expenditures would be required to accommodate the addition of a second commemorative plate. Such costs

would be recovered as discussed above.

Small Business Effect: Enhancing the purses could result in increased income for horse owners, breeders, and trainers many of whom are presumed to be small businesses. Harness purses totaled \$7.9 million in 1996 while thoroughbred purses totaled \$41 million. The amount by which purses would increase is dependent on the number of commemorative plates issued, but any increase is expected to be minimal compared to the current purses available (if 10,000 plates are issued and \$12 is retained for each one, purses would increase by \$120,000, or 0.25%).

Information Source(s): Department of Labor, Licensing, and Regulation (State Racing Commission); Department of Transportation (Motor Vehicle Administration); Department of Fiscal Services

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