
By: **Delegates Leopold, W. Baker, Klima, McKee, and Marriott**
Introduced and read first time: January 19, 1998
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Horse Racing - Financial Investment Study**

3 FOR the purpose of requiring the Secretary of Labor, Licensing, and Regulation to
4 consult with certain State officials and to contract with a private investment
5 firm for a financial investment study of the Maryland horse racing industry;
6 specifying certain issues for the study to address, including the economic value
7 of certain tracks in the State and whether private sources of equity funding are
8 available for investment in certain race tracks; establishing a certain limit on
9 the cost of the study and requiring that the private investment firm submit the
10 study to the Secretary of Labor, Licensing, and Regulation on or before a certain
11 date; requiring that the study be paid from certain State revenues; providing for
12 the termination of this Act; defining a certain term; and generally relating to the
13 financial investment study on the racing industry in the State.

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That:

16 (a) The Secretary of Labor, Licensing, and Regulation, in consultation with
17 the Secretary of Agriculture, the Secretary of Business and Economic Development,
18 and the Executive Director of the Maryland Stadium Authority, shall contract with a
19 private investment banking firm for a financial investment study of the horse racing
20 industry in the State, including both thoroughbred racing and harness racing.

21 (b) The study to be completed by the private investment banking firm shall
22 address the following issues:

23 (1) The economic value of the mile thoroughbred race tracks and harness
24 race tracks in the State;

25 (2) Whether private sources of equity funding, except for casino
26 gambling interests, are available for investment in Laurel Race Course or Pimlico
27 Race Course;

28 (3) Whether State aid will lead to permanent improvement in the racing
29 industry in the State;

1 (4) Whether the racing industry in the State has a realistic future once
2 State support of the racing industry ceases;

3 (5) Whether the racing industry is truly ailing from forces beyond its
4 control;

5 (6) The feasibility of constructing a new racing facility to centralize
6 thoroughbred and harness racing in the State;

7 (7) The advantages and disadvantages of merging Pimlico and Laurel
8 Race Courses into one corporation;

9 (8) The capital improvement needs at the existing race tracks;

10 (9) The potential for State partnership with the race tracks;

11 (10) The effectiveness of investing in race track infrastructure and
12 assisting horse owners and breeders directly to increase fan support of racing rather
13 than increasing purses; and

14 (11) The feasibility of the owner of Ocean Downs entering into a
15 partnership with the owner of Laurel Race Course and Pimlico Race Course to
16 construct a quality racing and entertainment center in the State.

17 (c) (1) The State shall spend not more than \$100,000 to finance the study
18 and shall require that the private investment banking firm that is contracted shall
19 submit its study to the Secretary of Labor, Licensing, and Regulation on or before
20 December 1, 1998.

21 (2) Notwithstanding § 9-120 of the State Government Article, after
22 cumulative distributions for Fiscal Year 1998 to the General Fund under §
23 9-120(b)(1)(ii) of the State Government Article total \$358,817,000, \$100,000 of the
24 remaining revenue that would otherwise be paid to the General Fund under §
25 9-120(b)(1)(ii) of the State Government Article shall be distributed to a special fund to
26 be used only to pay for the study by a private investment banking firm that is
27 required under this Act.

28 (d) The Secretary of Labor, Licensing, and Regulation shall report the results
29 of the study submitted by the private investment contracting firm to the Legislative
30 Policy Committee, the Senate Finance Committee, and the House Committee on Ways
31 and Means, in accordance with § 2-1246 of the State Government Article, on or before
32 January 1, 1999.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 June 1, 1998. It shall remain effective until January 1, 1999 and, at the end of
35 January 1, 1999, with no further action required by the General Assembly, this Act
36 shall be abrogated and of no further force and effect.