

HOUSE BILL 837

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C6

1998 Regular Session
(81r2075)

ENROLLED BILL
-- Ways and Means/Finance --

Introduced by **Delegates C. Davis and Hixson**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Horse Racing - Allocation of Funds - Purse Enhancement, Studies, and**
3 **Marketing**

4 FOR the purpose of requiring that certain budgeted funds be allocated to be used only
5 ~~to increase purses and bred funds at harness racing tracks and mile~~
6 ~~thoroughbred racing tracks in the State and to fund specified studies for certain~~
7 ~~purposes; requiring that certain lottery revenues for a certain fiscal year be~~
8 ~~distributed to a special fund to be used only for certain purposes; requiring that~~
9 ~~the purses and bred funds be increased according to a certain formula; requiring~~
10 ~~that all funds for purses and bred funds under this Act be in addition to and not~~
11 ~~supplant certain other funds; *requiring the Department of Labor, Licensing, and*~~
12 ~~*Regulation to initiate the formation of certain partnerships; establishing certain*~~
13 ~~*conditions on the distribution and use of certain funds for marketing plans;*~~
14 ~~*requiring the Department to submit a certain report;* providing for the effective~~
15 ~~date and termination of this Act; and generally relating to funds for horse racing~~
16 ~~in the State budget.~~

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

3 (a) Notwithstanding § 9-120 of the State Government Article, after
4 cumulative distributions for Fiscal Year 1998 to the General Fund under §
5 9-120(b)(1)(ii) of the State Government Article total \$352,701,000, ~~\$6,000,000~~
6 ~~\$5,000,000~~ of the remaining revenue that would otherwise be paid to the General
7 Fund under § 9-120(b)(1)(ii) of the State Government Article shall be distributed to a
8 special fund to be used only to increase purses at harness racing tracks, mile
9 thoroughbred tracks, and Timonium Race Course and to supplement existing bred
10 funds in accordance with this Act.

11 (b) *If lottery revenues do not provide the \$5,000,000 for the purposes specified*
12 *in subsection (a) of this section, the Governor may request a deficiency appropriation*
13 *during the 1999 Session to make up the difference.*

14 ~~(b)~~ (c) In accordance with § 7-209 of the State Finance and Procurement
15 Article, the Governor by budgetary amendment shall allocate money from the special
16 fund created under subsection (a) of this section in the manner specified under
17 Section ~~2(b)(8)~~ 2(c)(6) of this Act.

18 SECTION 2. AND BE IT FURTHER ENACTED, That:

19 (a) Contingent upon an appropriation of general funds in the State budget for
20 Fiscal Year 1999 for the Department of Labor, Licensing, and Regulation to be used
21 for the horse racing industry, up to ~~\$10 million~~ ~~\$4,000,000~~ \$5,000,000 shall be used to
22 increase purses at harness ~~racing and~~ racing tracks, mile thoroughbred racing tracks
23 ~~in the State, and Timonium Race Course~~, supplement existing bred funds,
24 supplement funds for certain horse racing events, provide marketing funds, provide
25 funds for compulsive gambling treatment, and be used to conduct a study studies on
26 the horse racing industry.

27 (b) *The Department of Labor, Licensing, and Regulation shall initiate the*
28 *formation of a partnership of track operators, horse breeders, trainers, and others, as*
29 *appropriate, who are representative of thoroughbred and standardbred sectors of the*
30 *industry to assist in developing industry marketing surveys and strategies.*

31 (c) The funds *provided in subsection (a) of this section* shall be divided as
32 follows:

33 (1) The first ~~\$250,000~~ ~~\$200,000~~ \$280,000 to fund studies conducted by
34 the ~~Department of Labor, Licensing, and Regulation~~ University System of Maryland,
35 in consultation with relevant State agencies, on:

36 (i) The economic impact of the horse industry in Maryland,
37 including both the racing and breeding components of the industry and public-private
38 partnership possibilities;

39 (ii) The economic impact ~~on the horse racing industry of the~~
40 ~~financial assistance provided through Chapters 750 and 751 of the Acts of the General~~

1 Assembly of 1997 of the 1997 legislation regarding horse racing, including the
 2 \$500,000 provided for the Maryland Million in Chapter 748 of the Acts of the General
 3 Assembly of 1997, the \$5,000,000 purse enhancement in Fiscal Year 1998 and the
 4 approximately \$1,000,000 of enhancements available from the reduction in the
 5 wagering tax provided in Chapter 750 of the Acts of the General Assembly of 1997,
 6 and the approximately \$1,800,000 shift in annualized personnel costs from the
 7 racetracks to the State provided in Chapter 751 of the Acts of the General Assembly of
 8 1997; and

9 (iii) Market survey research and strategies, which are to be
 10 conducted in partnership with the horse racing industry (i.e., a consortium of track
 11 owners, breeders, trainers, and others); and taking into consideration the findings of
 12 the National Thoroughbred Racing Association's research related to Laurel Park and
 13 horse racing in Maryland and throughout the nation and any strategies that the
 14 association might develop and the findings of the Rosecroft Raceway Marketing
 15 Association Report as well as any marketing plans prepared for Ocean Downs
 16 Raceway; with the cooperation of the industry partnership described under subsection
 17 (b) of this section;

18 (iv) Public-private partnership possibilities; and

19 (2) Of the remaining amount:

20 (2) \$150,000 shall be used by the Department of Labor, Licensing, and
 21 Regulation, in consultation with the Department of Agriculture, the Department of
 22 Business and Economic Development, and the Maryland Stadium Authority, to
 23 contract with a private investment banking firm for a financial investment study of
 24 the horse racing industry in the State, specifically in regard to:

25 (i) The economic value of the racetracks in the State;

26 (ii) Whether private sources of equity funding are available for
 27 investment in the tracks and in the off track betting facilities;

28 (iii) The feasibility of constructing a new racing facility to centralize
 29 thoroughbred and harness racing in the State;

30 (iv) The advantages and disadvantages of merging Pimlico Race
 31 Course and Laurel Park into one corporation;

32 (v) The capital improvement needs at the existing racetracks; and

33 (vi) (v) Whether the financial arrangements of the off-track
 34 betting system and the Intertrack wagering system in the State are conducive to the
 35 financial health of the horse racing industry as a whole;

36 (3) (2) \$1,500,000 shall be used by the Department of Labor, Licensing,
 37 and Regulation to implement the recommendations from the marketing studies in
 38 paragraph (1) of this subsection, to implement a marketing plan approved by the
 39 Department and shall be expended only upon the receipt of matching funds from the

1 ~~racing industry equal to the amount of the State appropriation; for grants to~~
 2 ~~implement marketing plans that are approved by the Department and subject to the~~
 3 ~~following provisions:~~

4 (i) ~~the marketing funds shall be allocated with 70% dedicated to~~
 5 ~~marketing for thoroughbred racing and 30% dedicated to marketing for harness~~
 6 ~~racing;~~

7 (ii) ~~up to \$500,000 may be used prior to the completion of the~~
 8 ~~marketing study provided in paragraph (1) of this section, and the remaining~~
 9 ~~\$1,000,000 shall be distributed after the completion of the marketing study, taking into~~
 10 ~~consideration the recommendations of that study; and~~

11 (iii) ~~prior to the payment of any funds under this paragraph, the~~
 12 ~~grantee shall provide and expend a matching fund that is at least equal to the amount~~
 13 ~~of the grant and provide evidence of that expenditure;~~

14 ~~(4)~~ (3) ~~\$200,000 shall be used for Preakness purses;~~

15 ~~(5)~~ (4) ~~\$20,000 shall be used to market the "Mane Attraction" at the~~
 16 ~~Rosecroft Raceway;~~

17 ~~(6)~~ (5) ~~\$20,000 shall be used to market the 50th Anniversary~~
 18 ~~Celebration at Ocean Downs; and~~

19 ~~(7)~~ (6) ~~\$250,000 shall be used for compulsive gambling treatment~~
 20 ~~programs as provided under § 19-804 of the Health - General Article; and~~

21 ~~(8)~~ ~~\$1,660,000 \$1,910,000 \$2,980,000~~ and the amount in the special fund
 22 ~~created under Section 1(a) of this Act shall be used as follows:~~

23 (i) ~~15%~~ 11% to increase the bred funds to be allocated as follows:

24 1. 70% to the Maryland-Bred Race Fund; and

25 2. 30% to the Standard Bred Race Fund; and

26 (ii) ~~85%~~ 89% to increase purses at harness racing tracks and ~~mile~~
 27 ~~thoroughbred racing tracks to be allocated as follows:~~

28 1. 70% to purses at the mile thoroughbred racing tracks and
 29 Timonium; and

30 2. 30% to purses at the harness racing tracks which shall be
 31 allocated 85% for Rosecroft Raceway and 15% for Ocean Downs.

32 ~~(e)~~ (d) A written report of the results of the studies required under
 33 subsection ~~(b)(1) and (2)~~ (c)(1) of this section shall be submitted by December 31, 1998
 34 to the Governor and, in accordance with § 2-1246 of the State Government Article,
 35 the General Assembly, and the study under subsection (c)(1)(iii) of this section on

1 market survey research and strategies shall be submitted on or before October 1, 1998
 2 according to the same procedure.

3 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That all funds provided for
 4 purses and bred funds at harness racing ~~tracks and~~ tracks, mile thoroughbred racing
 5 ~~tracks~~ tracks, and Timonium Race Course by this Act shall be in addition to and may
 6 not supplant:

7 (a) Amounts allocated for purses and bred funds under current agreements
 8 between the harness racing tracks and the organization that represents a majority of
 9 owners and trainers of standardbred horses in the State; and

10 (b) Amounts otherwise provided in statute for purses and bred funds at mile
 11 thoroughbred racing tracks ~~in the State~~ and Timonium Race Course.

12 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That the purses shall be
 13 increased at mile thoroughbred racetracks and Timonium Race Course according to a
 14 formula determined by the State Racing Commission, the racetrack licensees, and the
 15 organization that represents a majority of owners and trainers of thoroughbred
 16 horses in the State.

17 SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of the
 18 Maryland General Assembly that the actions taken under this Act, which are similar
 19 to those enacted through legislation in 1997, are to further promote and preserve live
 20 horse racing in the State, and that any future legislation will be weighed in light of
 21 the effects of the financial assistance provided as well as the efforts made by the
 22 racing industry towards the same goal.

23 SECTION 6. AND BE IT FURTHER ENACTED, That the Department of Labor,
 24 Licensing, and Regulation shall provide a report to the Senate Finance and Budget
 25 and Taxation Committees and the House Ways and Means and Appropriations
 26 Committees on the distribution and use of the marketing funds under Section 2 of this
 27 Act by June 30, 1999.

28 SECTION 7. AND BE IT FURTHER ENACTED, ~~That the Laws of Maryland~~
 29 read as follows:

30 **Article - Health - General**

31 ~~19-804.~~

32 (a) ~~(1) The Secretary may make grants from or agreements for the use of~~
 33 ~~State and federal funds to help public agencies or nonprofit organizations operate the~~
 34 ~~center for compulsive gamblers and establish and operate local programs to provide~~
 35 ~~the following for compulsive gamblers:~~

36 (i) Inpatient services.

37 (ii) Outpatient services.

- 1 ~~(iii) Partial care services.~~
- 2 ~~(iv) Aftercare services.~~
- 3 ~~(v) Consultative services.~~
- 4 ~~(vi) Educational services.~~
- 5 ~~(vii) Other preventive or rehabilitative services or treatment.~~
- 6 ~~(2) Research and training that are designed to improve or extend these~~
7 ~~services are proper items of expense.~~

8 ~~(b) (1) Services under this subtitle shall be provided by public agencies or,~~
9 ~~SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, under contract, by nonprofit~~
10 ~~organizations.~~

11 ~~(2) PRIOR TO AWARDING A CONTRACT TO A NONPROFIT ORGANIZATION~~
12 ~~UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE SECRETARY SHALL ESTABLISH~~
13 ~~CRITERIA FOR THE AWARDING OF A GRANT AND SOLICIT PROPOSALS FROM ELIGIBLE~~
14 ~~ORGANIZATIONS, AND SHALL AWARD ANY CONTRACT BASED ON AN EVALUATION OF~~
15 ~~THE PROPOSALS RECEIVED.~~

16 ~~SECTION 7. AND BE IT FURTHER ENACTED, That the Department of~~
17 ~~Health and Mental Hygiene shall report to the Governor and General Assembly in~~
18 ~~accordance with § 2-1246 of the State Government Article by November 1, 1999 on~~
19 ~~the uses of the funds provided through this Act for compulsive gambling treatment~~
20 ~~programs.~~

21 ~~SECTION 8. AND BE IT FURTHER ENACTED, That this Act shall take effect~~
22 ~~July 1, 1998. It shall remain effective for a period of 1 year and, at the end of June 30,~~
23 ~~1999, with no further action required by the General Assembly, this Act shall be~~
24 ~~abrogated and of no further force and effect.~~