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By: **Delegates C. Davis and Hixson**  
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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; providing for the effective date and termination of  
12 this Act; and generally relating to funds for horse racing in the State budget.

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

15 (a) Notwithstanding § 9-120 of the State Government Article, after  
16 cumulative distributions for Fiscal Year 1998 to the General Fund under §  
17 9-120(b)(1)(ii) of the State Government Article total \$352,701,000, \$6,000,000 of the  
18 remaining revenue that would otherwise be paid to the General Fund under §  
19 9-120(b)(1)(ii) of the State Government Article shall be distributed to a special fund to  
20 be used only to increase purses at harness racing tracks, mile thoroughbred tracks,  
21 and Timonium Race Course and to supplement existing bred funds in accordance with  
22 this Act.

23 (b) In accordance with § 7-209 of the State Finance and Procurement Article,  
24 the Governor by budgetary amendment shall allocate money from the special fund  
25 created under subsection (a) of this section in the manner specified under Section  
26 2(b)(8) of this Act.

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

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

10 (b) The funds shall be divided as follows:

11 (1) The first ~~\$250,000~~ \$200,000 to fund studies conducted by the  
12 Department of Labor, Licensing, and Regulation, in consultation with relevant State  
13 agencies on:

14 (i) The economic impact of the horse industry in Maryland and  
15 public private partnership possibilities;

16 (ii) ~~The economic impact on the horse racing industry of the~~  
17 ~~financial assistance provided through Chapters 750 and 751 of the Acts of the General~~  
18 ~~Assembly of 1997 of the 1997 legislation regarding horse racing, including the~~  
19 ~~\$500,000 provided for the Maryland Million in Chapter 748 of the Acts of the General~~  
20 ~~Assembly of 1997, the \$5,000,000 purse enhancement in Fiscal Year 1998 and the~~  
21 ~~approximately \$1,000,000 of enhancements available from the reduction in the~~  
22 ~~wagering tax provided in Chapter 750 of the Acts of the General Assembly of 1997,~~  
23 ~~and the approximately \$1,800,000 shift in annualized personnel costs from the~~  
24 ~~racetracks to the State provided in Chapter 751 of the Acts of the General Assembly of~~  
25 ~~1997; and~~

26 (iii) Market survey research and strategies, ~~which are to be~~  
27 ~~conducted in partnership with the horse racing industry (i.e., a consortium of track~~  
28 ~~owners, breeders, trainers, and others); and taking into consideration the findings of~~  
29 ~~the National Thoroughbred Racing Association's research related to Laurel Park and~~  
30 ~~horse racing throughout the nation and any strategies that the association might~~  
31 ~~develop and the findings of the Rosecroft Raceway Marketing Association Report as~~  
32 ~~well as any marketing plans prepared for Ocean Downs Raceway;~~

33 (2) ~~Of the remaining amount:~~

34 (2) \$150,000 shall be used by the Department of Labor, Licensing, and  
35 Regulation, in consultation with the Department of Agriculture, the Department of  
36 Business and Economic Development, and the Maryland Stadium Authority, to  
37 contract with a private investment banking firm for a financial investment study of  
38 the horse racing industry in the State, specifically in regard to:

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

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

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

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

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

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

11 (3) \$1,500,000 shall be used by the Department of Labor, Licensing, and  
 12 Regulation to implement the recommendations from the marketing studies in  
 13 paragraph (1) of this subsection, to implement a marketing plan approved by the  
 14 Department and shall be expended only upon the receipt of matching funds from the  
 15 racing industry equal to the amount of the State appropriation;

16 (4) \$200,000 shall be used for Preakness purses;

17 (5) \$20,000 shall be used to market the "Mane Attraction" at the  
 18 Rosecroft Raceway;

19 (6) \$20,000 shall be used to market the 50th Anniversary Celebration at  
 20 Ocean Downs; and

21 (7) ~~\$250,000 shall be used for compulsive gambling treatment programs~~  
 22 ~~as provided under § 19-804 of the Health - General Article; and~~

23 (8) ~~\$1,660,000~~ \$1,910,000 and the amount in the special fund created  
 24 under Section 1(a) of this Act shall be used as follows:

25 (i) ~~45%~~ 11% to increase the bred funds to be allocated as follows:

26 1. 70% to the Maryland-Bred Race Fund; and

27 2. 30% to the Standard Bred Race Fund; and

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

30 1. 70% to purses at the mile thoroughbred racing tracks and  
 31 Timonium; and

32 2. 30% to purses at the harness racing tracks which shall be  
 33 allocated 85% for Rosecroft Raceway and 15% for Ocean Downs.

1 (c) A written report of the results of the studies required under subsection  
 2 (b)(1) and (2) of this section shall be submitted by December 31, 1998 to the Governor  
 3 and, in accordance with § 2-1246 of the State Government Article, the General  
 4 Assembly.

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

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

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

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

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

25 SECTION 6. AND BE IT FURTHER ENACTED, ~~That the Laws of Maryland~~  
 26 read as follows:

27 **Article – Health – General**

28 ~~19-804.~~

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

33 (i) ~~Inpatient services.~~

34 (ii) ~~Outpatient services.~~

35 (iii) ~~Partial care services.~~

36 (iv) ~~Aftercare services.~~

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

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

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

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

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