

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 263 (Senators Miller and McFadden)

Finance and Budget and Taxation

Horse Racing - Distribution of Special and General Funds - Taxes

This bill provides that any funds remaining in the horse racing special fund shall be distributed to the Maryland-Bred Race Fund (70%) and the Standardbred Race Fund (30%), rather than the general fund. The State wagering tax rate of 0.32% is extended to June 30, 1999 (it is currently scheduled to increase to 0.5% on May 31, 1998).

The bill also directs the expenditure of \$10 million of aid to the horse racing industry, if that amount is appropriated in the fiscal 1999 budget (the Governor's proposed fiscal 1999 budget includes this amount). Of the \$10 million, \$8 million would go to purses and breeders' funds, \$200,000 to Preakness purses, \$280,000 for specified studies, \$1.5 million for implementing recommendations from a marketing study, and \$20,000 for the "Mane Attraction" at Rosecroft. Funds provided for purses may not supplant other State funds or amounts allocated under existing agreements between harness tracks and the organization representing a majority of owners and trainers of standardbred horses. Results of the studies are to be submitted to the Governor and the General Assembly by December 1, 1998.

The Department of Labor, Licensing, and Regulation is to form a partnership of track operators, breeders, trainers, and others who are representative of thoroughbred and standardbred sectors of the industry to assist in developing industry marketing surveys and strategies.

Provisions regarding the special fund are effective June 1, 1998, and sunset May 31, 1999. Provisions regarding the expenditure of \$10 million in aid are effective July 1, 1998, and sunset June 30, 1999.

Fiscal Summary

State Effect: General fund revenues would decline by approximately \$814,000 in FY 1998.

The bill directs the expenditure of \$10 million included in the Governor's proposed FY 1999 budget.

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

State Revenues: The current wagering tax rate is 0.32%, and is to revert to 0.5% on May 31, 1998. Extending the lower rate until June 30, 1999, will result in wagering tax revenues of about \$1.7 million in fiscal 1998. This revenue, along with revenue from uncashed pari-mutuel tickets and from other sources is credited to the horse racing special fund. An estimated \$814,000 will be in the special fund as of June 30, 1998; this amount would be distributed to the two breeders' funds.

Wagering tax revenues would be maintained at an estimated \$1,824,000 at the 0.32% rate in fiscal 1999, rather than \$2.85 million at the 0.5% rate.

Information Source(s): Department of Labor, Licensing, and Regulation (State Racing Commission); Department of Legislative Services

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