

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 298 (Senator Miller)

Finance

Horse Racing

This bill extends the sunset regarding the distribution of \$500,000 from uncashed pari-mutuel tickets to the Maryland Million, Ltd., for marketing, purses, and promotional activities related to the running of Maryland Million races. The sunset date is extended from June 30, 1999 to June 30, 2001.

The bill also requires the one-time distribution of \$10 million of net fiscal 1999 lottery revenues in excess of \$352,175,000 (that would otherwise be paid to the general fund) to a special fund to increase purses at race tracks and to supplement existing bred funds. If lottery revenues do not provide the \$10 million, the Governor may request a deficiency appropriation during the 2000 session to make up the difference.

In addition, the bill authorizes a mile thoroughbred racing license in Allegany County and modifies the number of racing days for which the Maryland Racing Commission may authorize a licensee to conduct thoroughbred racing.

This bill is effective June 1, 1999.

Fiscal Summary

State Effect: General fund revenues would decrease by \$500,000 in FY 2000 and FY 2001 as a result of the distribution from uncashed pari-mutuel tickets. General fund revenue losses could be partially offset by increased wagering tax revenues if more racing days are authorized. The \$10 million distribution to the special horse fund could either affect general fund revenues in FY 1999 or general fund expenditures in FY 2000. Correspondingly, special fund revenues would increase by \$10 million in FY 2000.

Local Effect: Indeterminate increase in revenues for certain political subdivisions through increased horse racing impact aid. No effect on expenditures.

Small Business Effect: Minimal.

Fiscal Analysis

State Revenues: About \$1.4 million of uncashed pari-mutuel winnings are projected to be credited to the horse racing special fund in fiscal 2000, along with wagering tax revenues and funds from other sources. At the end of any fiscal year, the surplus in the fund reverts to the general fund. In the fiscal 2000 budget, the reversion is estimated to be \$1.2 million; by continuing the \$500,000 distribution to the Maryland Million, Ltd., only \$0.7 million would be reverted to the general fund in fiscal 2000.

The reversion to the general fund in fiscal 2001 would also be reduced by \$500,000 as a result of the bill.

If net lottery revenues are distributed to the special horse fund, general fund revenues in fiscal 1999 could decrease by up to \$10 million. If distributions to the special fund are made through a deficiency appropriation, general fund expenditures could increase by up to \$10 million in fiscal 2000. Special fund revenues would increase by a corresponding amount in fiscal 2000 and would be distributed as follows:

Distribution of \$10 million to Purses and to the Bred Funds			
Purses (89%)		Bred Funds (11%)	
Thoroughbred	Harness	Thoroughbred	Harness
(70%)	(30%)	(70%)	(30%)
\$6,230,000	\$2,670,000	\$770,000	\$330,000

The bill authorizes the State Racing Commission to award up to the number of racing days requested by an applicant for a mile thoroughbred racing license and repeals the current law limitations that specify no more than 266 regular racing days a year or no more than 158 regular racing days per applicant. To the extent that more racing days are awarded by the commission and the handle increases (that is, the total money bet), general fund revenues would increase from the State wagering tax on the handle.

Local Revenues: Currently, Anne Arundel County, Howard County, Baltimore City, and the

City of Laurel receive impact aid that is based on the number of days of live racing and intertrack betting without live racing held at a race course proximate to the political subdivision (that is, races held at either Pimlico or Laurel). If the number of racing days increases, impact aid to these political subdivisions would increase.

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

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