

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 452 (Delegate C. Davis)

Ways and Means

Horse Racing - Special Fund - Taxes

This bill extends through June 30, 2001, the provision of current law providing 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%). As of June 30, 2000, any remaining funds are scheduled to be distributed to the general fund. The State wagering tax rate of 0.32% is extended to June 30, 2001, (it is currently scheduled to increase to 0.5% on June 30, 2000).

The bill is effective June 1, 2000, and sunsets on June 30, 2001.

Fiscal Summary

State Effect: Based on the assumptions made in the Governor's proposed FY 2001 budget, general fund revenues will decline by an estimated \$1,244,200 in FY 2001 and wagering tax revenues will decline by approximately \$1 million in FY 2001.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The wagering tax rate is 0.32% and is to revert to 0.5% on June 30, 2000. After all deductions from the horse racing special fund are made, 70% of the remaining money is allocated to the Maryland-Bred Race Fund and 30% is allocated to the Maryland Standardbred Race Fund. This provision sunsets on June 30, 2000.

State Revenues: The Governor's proposed fiscal 2001 budget assumes \$2.8 million in revenues from the wagering tax, which is based on a tax rate of 0.5%. Extending the lower

rate until June 30, 2001, will result in a decrease in wagering tax revenues of about \$1 million. This revenue, along with revenue from uncashed pari-mutuel tickets and from other sources, is credited to the horse racing special fund. Based on the 0.5% wagering tax, an estimated \$1,244,400 will be in the special fund as of June 30, 2001; this amount would be distributed to the two breeders' funds rather than the general fund. (Based on the lower tax rate, an estimated \$244,400 will be in the special fund as of June 30, 2001).

In fiscal 2000, an estimated \$186,400 will be distributed to the bred funds.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 13, 2000

cm/jr

Analysis by: Lesley Frymier

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510