

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 423 (Senator Della)

Finance and Judicial Proceedings

Ways and Means

Racing - Special Fund - Health and Welfare Trust of the Jockeys' Guild, Inc.

This bill amends the Racing Act of 2000 to provide that \$250,000 of the excess fiscal 2000 lottery funds that would be distributed to the Horsemen's Assistance Fund be distributed to the Health and Welfare Trust of the Jockey's Guild, Inc. The purpose of this distribution is for providing health, disability, and retirement benefits to active, disabled, or retired thoroughbred jockeys who are or have been regularly riding in the State, and their dependents in accordance with eligibility criteria established by the Jockey's Guild, Inc.

The bill takes effect June 1, 2001.

Fiscal Summary

State Effect: None. The bill would not affect State finances. According to the Racing Commission, the fiscal 2000 lottery funds have already been distributed, pursuant to the Racing Act of 2000.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Pursuant to the Horse Racing Act of 2000 excess lottery funds are required to be distributed to the Horse Racing Special Fund. The Horse Racing Special Fund is required to distribute the money as follows:

11% to increase the bred funds to be allocated as follows:

- 70% to the Maryland-Bred Race Fund; and
- 30% to the Maryland Standard Bred Race Fund; and

89% to increase purses at harness racing tracks and thoroughbred racing tracks and to contribute to the Maryland Horsemen's Assistance Fund, Inc. to be allocated as follows:

- 70% to purses at the mile thoroughbred racing tracks and Timonium, provided that \$100,000 shall be paid to the Maryland Horsemen's Assistance Fund, Inc. for the purpose of providing health and education benefits for eligible persons that are licensed by the Maryland Racing Commission; and
- 30% to purses at the harness racing tracks -- 85% for Rosecroft Raceway and 15% for Ocean Downs.

Background: The horse racing industry in Maryland employs more than 15,000 people and generates approximately \$600 million annually in direct economic activity for the State. Like other states, Maryland's racing industry has lost market share in recent years to other forms of commercial gambling. Some states, including two in this region, have sought to revive their industries by introducing slot machines at race tracks. Maryland has taken other approaches to restructuring its racing industry, including subsidizing purses, providing State tax relief, and expanding marketing efforts. Chapter 168 of 1999 mandated the distribution of \$10 million of net fiscal 1999 lottery revenues in excess of \$352,175,000 to increase purses at racetracks and to supplement existing bred funds. This was the third year that the State provided financial support to the industry. The release of the funds was contingent upon the submission of plans to the Governor and the General Assembly detailing proposed improvements in track facilities, management, and marketing. The plan created by the Maryland Jockey Club (owner of Laurel Park and Pimlico Race Course) called for \$60 million in improvements over the next five years.

Chapter 309 of 2000 established a Maryland Racing Facility Redevelopment Program to assist specified horse racing facilities with capital improvements. In addition to establishing the redevelopment program, Chapter 309 required a one-time distribution of \$10 million of net fiscal 2000 lottery revenues in excess of \$366,813,000 to a special fund to supplement existing bred funds and purses.

State Fiscal Effect: The bill requires that of the 89% of the fiscal 2000 lottery money that was distributed from the Horse Racing Special Fund to increase purses at harness racing tracks and thoroughbred racing tracks also be contributed to the Health and Welfare Trust of the Jockeys' Guild, Inc. These funds would then be distributed as follows:

- 70% to purses at the mile thoroughbred racing tracks and Timonium, provided that \$250,000 shall be paid to the Health and Welfare Trust maintained by Jockeys' Guild, Inc. for the purpose of providing health, disability, and retirement benefits to active, disabled, or retired thoroughbred jockeys who are or have been regularly riding in the State, and their dependents, in accordance with eligibility criteria established by Jockeys' Guild, Inc.

Ten million dollars of fiscal 2000 lottery revenues were distributed to the Horse Racing Special Fund pursuant to the Racing Act of 2000 in fiscal 2001. According to the Maryland Racing Commission, funds from the Horse Racing Special Fund have also been distributed pursuant to the Horse Racing Act. It appears that the bill intends to provide \$250,000 to the Jockeys' Guild rather than the Horsemen's Assistance Fund. However, because the fiscal 2000 lottery revenues have been distributed, it is unclear how this would be done.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Racing Commission, Department of Legislative Services

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