

SENATE BILL 538

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C6

2003 Regular Session  
3r0712  
CF 3r2380

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By: **Senators Hooper and Colburn**  
Introduced and read first time: January 31, 2003  
Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Racing - Takeouts - Licensee's Portion**

3 FOR the purpose of altering the licensee's portion of certain takeouts for both  
4 thoroughbred and harness racing; repealing certain provisions of law that  
5 require certain licensees to make certain allocations to the Racing Facility  
6 Redevelopment Bond Fund under certain circumstances; and generally relating  
7 to takeouts used in thoroughbred and harness racing.

8 BY repealing and reenacting, with amendments,  
9 Article - Business Regulation  
10 Section 11-514, 11-515, 11-613, 11-614, and 11-616  
11 Annotated Code of Maryland  
12 (1998 Replacement Volume and 2002 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Business Regulation**

16 11-514.

17 (a) A licensee shall deduct from the handle:

18 (1) all the breakage;

19 (2) not more than [18%] 17% from each regular mutuel pool;

20 (3) not more than [21%] 19% from each multiple mutuel pool on 2  
21 horses; and

22 (4) not more than [25.75%] 25% from each multiple mutuel pool on 3 or  
23 more horses.

24 (b) Money that remains after deductions are made under subsection (a) of this  
25 section shall be returned as winnings to successful bettors.

1 (c) (1) The amount deducted by the licensee under subsection (a) of this  
2 section shall be the sum of the allocations provided in § 11-515 of this subtitle, unless  
3 otherwise provided in a written agreement signed by the authorized representatives  
4 of:

5 (i) the licensee;

6 (ii) the group that represents a majority of the owners and trainers  
7 licensed in the State at the time the agreement is signed; and

8 (iii) the group that represents a majority of the breeders in the State  
9 at the time the agreement is signed.

10 (2) Nothing in this subsection may be construed to permit the licensee to  
11 in any way alter the mandatory takeout allocated to the Commission for:

12 (i) the State tax; or

13 (ii) the payment to the Racing Facility Redevelopment Bond Fund  
14 for the Maryland Economic Development Corporation.

15 11-515.

16 (a) Except as provided in §§ 11-515.3 and 11-516 of this subtitle, the takeout  
17 that a licensee deducts from the handle of a race shall be allocated in accordance with  
18 this section.

19 (b) A licensee shall:

20 (1) keep 50% of the breakage;

21 (2) allocate 45% of the breakage for purses; and

22 (3) allocate 5% of the breakage to the Maryland-Bred Race Fund.

23 (c) From the amount that a licensee deducts from each regular mutuel pool,  
24 the licensee shall:

25 (1) keep 7.70% of each regular mutuel pool, from which the licensee shall  
26 pay 0.25% of each regular mutuel pool to the Maryland Race Track Employees  
27 Pension Fund;

28 (2) allocate 0.32% of each regular mutuel pool to the Commission for  
29 State tax;

30 (3) allocate 1.10% of each regular mutuel pool to the Maryland-Bred  
31 Race Fund;

32 (4) allocate 7.70% of each regular mutuel pool for purses; AND

1           (5)     [allocate 1.0% of each regular mutuel pool to the Commission for  
2 payment to the Racing Facility Redevelopment Bond Fund; and

3           (6)]     allocate 0.18% of each multiple mutuel pool as an additional amount  
4 for purses.

5     (d)     From the amount that a licensee deducts from each multiple mutuel pool  
6 on 2 horses, the licensee shall:

7           (1)     keep 8.70% of each multiple mutuel pool, from which the licensee  
8 shall pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees  
9 Pension Fund;

10          (2)     allocate 0.32% of each multiple mutuel pool to the Commission for  
11 State tax;

12          (3)     allocate 1.10% of each multiple mutuel pool to the Maryland-Bred  
13 Race Fund;

14          (4)     allocate 8.70% of each multiple mutuel pool for purses; AND

15          (5)     [allocate 2.0% of each multiple mutuel pool to the Commission for  
16 payment to the Racing Facility Redevelopment Bond Fund; and

17          (6)]     allocate 0.18% of each multiple mutuel pool as an additional amount  
18 for purses.

19     (e)     From the amount that a licensee deducts from each multiple mutuel pool  
20 on 3 or more horses, the licensee shall:

21          (1)     keep 11.70% of each multiple mutuel pool, from which the licensee  
22 shall pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees  
23 Pension Fund;

24          (2)     allocate 0.32% of each multiple mutuel pool to the Commission for  
25 State tax;

26          (3)     allocate 1.10% of each multiple mutuel pool to the Maryland-Bred  
27 Race Fund;

28          (4)     allocate 11.70% of each multiple mutuel pool for purses; AND

29          (5)     [allocate 0.75% of each multiple mutuel pool to the Commission for  
30 payment to the Racing Facility Redevelopment Bond Fund; and

31          (6)]     allocate 0.18% of each multiple mutuel pool as an additional amount  
32 for purses.

1 11-613.

2 (a) (1) A licensee whose average handle is \$150,000 or less shall keep the  
3 breakage.

4 (2) A licensee whose average handle is over \$150,000 shall:

5 (i) allocate 50% of the breakage to the Sires Stakes Program; and

6 (ii) keep 50% of the breakage to pay for personnel-related  
7 expenses, physical improvements, track maintenance, and indebtedness related to  
8 the track, including indebtedness for clubhouse and grandstand construction.

9 (b) If an average handle is over \$600,000, the takeout shall be:

10 (1) [17%] 16% from each regular mutuel pool;

11 (2) [19%] 18% from each multiple mutuel pool for 2 horses; and

12 (3) [25%] 24% from each multiple mutuel pool on 3 or more horses.

13 (c) If the average handle is \$600,000 or less, the takeout shall be:

14 (1) not more than [18.75%] 17.25% from each regular mutuel pool;

15 (2) not more than [20.75%] 19.25% from each multiple mutuel pool on 2  
16 horses; and

17 (3) not more than [26.75%] 25.25% from each multiple mutuel pool on 3  
18 or more horses.

19 (d) Money that remains after deductions are made under this section shall be  
20 returned as winnings to successful bettors.

21 11-614.

22 A licensee whose average handle is over \$600,000 shall:

23 (1) allocate 0.50% of each mutuel pool to the Commission as State tax;

24 (2) allocate 0.25% of each mutuel pool to the Maryland Harness Track  
25 Employees Pension Fund;

26 (3) keep [16.25%] 15.25% of each regular mutuel pool;

27 (4) keep [18.25%] 17.25% of each multiple mutuel pool on 2 horses; and

28 (5) keep [24.25%] 23.25% of each multiple mutuel pool on 3 or more  
29 horses.

1 11-616.

2 (a) A licensee whose average handle is more than \$200,000 but not more than  
3 \$600,000 shall:

4 (1) allocate 0.32% of each mutuel pool to the Commission as State tax;

5 (2) subject to § 11-618 of this subtitle, allocate 0.25% of each mutuel pool  
6 to the Maryland Harness Track Employees Pension Fund;

7 [(3) allocate 1.5% of each mutuel pool to the Commission for payment to  
8 the Racing Facility Redevelopment Bond Fund;]

9 [(4) (3) allocate for purses 0.18% of each mutuel pool, or an amount that  
10 is otherwise agreed to by the licensee and the organization representing a majority of  
11 the harness owners and trainers in the State, which shall provide revenue in addition  
12 to any other funds set aside for purses by private parties;

13 [(5) (4) keep [16.5%] 15.5% of each regular mutuel pool;

14 [(6) (5) keep [18.5%] 17.5% of each multiple mutuel pool on 2 horses;  
15 and

16 [(7) (6) keep [24.5%] 23.5% of each multiple mutuel pool on 3 or more  
17 horses.

18 (b) A licensee whose average handle is \$200,000 or less shall:

19 (1) allocate 0.32% of each mutuel pool to the Commission as a State tax;

20 (2) subject to § 11-618 of this subtitle, allocate 0.25% of each mutuel pool  
21 to the Maryland Harness Track Employees Pension Fund;

22 (3) allocate for purses 0.18% of each mutuel pool, or an amount that is  
23 otherwise agreed to by the licensee and the organization representing a majority of  
24 the harness owners and trainers in the State, which shall provide revenue in addition  
25 to any other funds set aside for purses by private parties;

26 (4) keep [18.00%] 17.00% of each regular mutuel pool;

27 (5) keep [20.00%] 19.00% of each multiple mutuel pool on 2 horses; and

28 (6) keep [26.00%] 25.00% of each multiple mutuel pool on 3 or more  
29 horses.

30 (c) Notwithstanding any other provision of this section, a licensee in Allegany  
31 County is subject to the takeout provisions of:

32 (1) subsection (a) of this section if the licensee elects to participate in the  
33 Maryland Racing Facility Redevelopment Program under Subtitle 12 of this title; or

1           (2)       subsection (b) of this section if the licensee does not elect to  
2 participate in the Maryland Racing Facility Redevelopment Program under Subtitle  
3 12 of this title.

4       [(d)       If a licensee receives assistance from the Maryland Racing Facility  
5 Redevelopment Program under Subtitle 12 of this title, the licensee shall make the  
6 allocation to the Racing Facility Redevelopment Bond Fund required under  
7 subsection (a) of this section as long as the bonds issued by the Corporation are  
8 outstanding.]

9       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2003.