SB 485

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 485 (Senator Astle)
Finance

State Racing Commission Reorganization Act

This bill abolishes the nine-member State Racing Commission and establishes a five-member Thoroughbred Racing Commission and a five-member Standardbred Racing Commission in its place. The bill provides for: the qualifications of commission members; the term of commission memberships; the designation of respective commission chairmen; commission meetings; compensation of commission members; an executive director and staff for each commission; the specified powers of each commission; and the testing laboratory of the Thoroughbred Racing Commission and of the Standardbred Racing Commission.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: General fund expenditure increase of approximately $247,700 in FY 2004 for staff for the new commissions. Future year expenditures reflect annualization and inflation.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	$0	$0	$0	$0	$0
GF Expenditure	247,700	332,400	350,400	369,700	390,500
Net Effect	($247,700)	($332,400)	($350,400)	($369,700)	($390,500)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The Maryland Racing Commission was formed in 1920 (Chapter 273 of 1920). It licenses all persons, associations, or corporations that hold any horse racing meet within the State where racing is permitted for any stake, purse, or reward, as well as Satellite Simulcast Betting and intertrack betting. The commission makes all regulations governing the races and, through its stewards and judges, officiates the conduct of racing. It may also regulate the size of a purse, the price of admission, or the charge made for any article or service sold at the meets. All persons engaged in racing in Maryland must be licensed. The commission may revoke or suspend the license of any person or corporation engaged in racing within the State who violates the racing laws or commission rules. The commission conducts hearings on appeals, collects taxes and fees, distributes the taxes and fees collected to various subdivisions and other entities, collects and tests specimens at its equine laboratory of horses participating in the races, and oversees the administration of the breeding enhancement programs.

The commission's nine members are appointed for four-year terms by the Governor with the advice and consent of the Senate. No more than six members may belong to the same political party. At least three members must be knowledgeable or experienced in some aspect of thoroughbred racing, and at least three in some aspect of harness racing. The Governor designates the chairperson. The Secretary of Labor, Licensing, and Regulation appoints the executive director. Authorization for the commission continues until July 1, 2011.

State Fiscal Effect: The bill provides that current employees of the Racing Commission may be transferred to either of the new commissions established by the bill. The bill also permits both commissions to hire staff who will operate within the Department of Labor, Licensing, and Regulation (DLLR). It is assumed that current staff of the Racing Commission will be transferred to the Thoroughbred Racing Commission established by the bill.

As a result, DLLR's general fund expenditures could increase by an estimated $247,700 in fiscal 2004, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one executive director, one deputy director, and two fiscal clerks to carry out the administrative functions of the Standardbred Racing Commissions. These functions would be similar to those currently being performed by the staff of the Racing Commission. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The Division of Racing within DLLR pays the salaries and stipends of all racetrack employees who are appointed by the State Racing Commission. It is assumed that the overall number of these employees would not be affected by the bill. They would however, be governed by a new commission depending on the racetrack where they are employed.

Additional Information

Prior Introductions: This bill was introduced as HB 1203 in the 2002 session. No action was taken by the House Ways and Means Committee.

Cross File: None.

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

Fiscal Note History: First Reader - February 19, 2003
mdf/jr

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