Department of Legislative Services

Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 170 (Senator Hooper, *et al.*)
Finance Ways and Means

Racing Act of 2004

This bill repeals the Maryland Racing Facility Redevelopment Program that was enacted as part of the Racing Act of 2000 (Chapter 309). In addition, provisions of the Racing Act of 2000 that were scheduled to sunset upon repayment of any issued bonds are changed to reflect their status prior to passage of the Racing Act of 2000.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: None. Since no bonds have been issued for track improvements, payments to the bond fund for debt service are no longer necessary. The percentage of the takeout allocated for payment of the State betting tax does not change.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill authorizes representatives of thoroughbred racing tracks, owners and trainers, and breeders to agree to allocate the takeout for purses in a way other than that specified under current law, as authorized by the Racing Act of 2000. The bill also (1) clarifies that the State racing tax rate is 0.32% of each mutuel pool; (2) provides that a portion of the "takeout" be used for purses as authorized by the Racing Act of 2000, including specified amounts of specified mutuel pools to the Maryland Million, Ltd., for purses of Maryland Million races; and (3) dedicates uncashed pari-mutuel tickets to the horse racing special fund. The bill requires a thoroughbred licensee to deduct from the handle: (1) all the breakage; (2) not more than 18% from each regular mutuel pool; (3) not more than 21% from each multiple mutuel pool on two horses; and (4) not more than 25.75% from each multiple mutuel pool on three or more horses.

If the average handle is $600,000 or less for a harness race, the takeout is: (1) not more than 18.75% from each regular mutuel pool; (2) not more than 20.75% from each multiple mutuel pool for two horses; and (3) not more than 26.75% from each multiple mutuel pool on three or more horses.

Current Law: Chapter 309 of 2000 established the Maryland Racing Facility Redevelopment Program in the State Racing Commission to assist horse racing facilities with capital improvements.

In order to carry out the program, Chapter 309 required the State Racing Commission to review racing facility master plans submitted by eligible racing licensees and submit requests from those licensees to the Stadium Authority for approval to use proceeds from bonds issued by the Maryland Economic Development Corporation (MEDCO) for capital improvements or related expenditures.

Chapter 309 also established the Racing Facility Redevelopment Bond Fund as a nonlapsing revolving fund to be used to: (1) pay the debt service on bonds issued by MEDCO; and (2) cover the reasonable charges and expenditures incurred by the authority and MEDCO.

Background: Thoroughbred and harness licensees are required to pay a specified percentage of the takeout, depending on the size of each mutuel pool, to the Racing Commission for payment into the Racing Facility Redevelopment Bond Fund to be used for debt service on bonds issued for race track improvements. Because no bonds have been issued, the program is being repealed and the tax rate is clarified at 0.32% with no deduction to the bond fund.

Uncashed pari-mutuel tickets are also deposited in the Racing Facility Redevelopment Bond Fund. Under the bill, these proceeds are dedicated to the horse racing special fund. The past two Budget Reconciliation and Financing Acts have transferred proceeds from uncashed tickets to purses, bred funds, and the general fund.

Additional Information

Prior Introductions: This bill is identical to SB 538 of the 2003 session as amended by the Senate Finance Committee. No action was taken by the House Ways and Means Committee.

Cross File: None.

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

Fiscal Note History: First Reader - February 4, 2004
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Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510