
By: **Delegates Hixson, Bozman, C. Davis, Healey, Howard, and Marriott**

Introduced and read first time: February 3, 2005

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Horse Racing Reform Act of 2005**

3 FOR the purpose of repealing the restriction relating to the time of day after which
4 certain thoroughbred racing licensees may not hold racing; clarifying the
5 authority of certain owners and trainers to approve certain contracts to hold
6 pari-mutuel betting on a race that is held at certain out-of-state tracks;
7 altering the authority of the Maryland Racing Commission to authorize
8 telephone betting; altering the distribution of open purse money to overnight
9 races and stakes races; requiring the Maryland Racing Commission to submit a
10 certain annual report; and generally relating to horse racing.

11 BY repealing and reenacting, with amendments,

12 Article - Business Regulation

13 Section 11-504, 11-518, 11-804, and 11-805

14 Annotated Code of Maryland

15 (2004 Replacement Volume)

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

18 **Article - Business Regulation**

19 11-504.

20 (a) [(1) A licensee may hold live racing after 6:15 p.m. but not later than 9:00
21 p.m. if:

22 (i) circumstances beyond the control of the licensee cause a delay;

23 (ii) the racing day is of national prominence; or

24 (iii) the racing is approved by the harness track licensee whose
25 track is closest to the licensee's track, the group that represents a majority of the
26 owners and trainers who race horses at that harness track, and the group that
27 represents a majority of the harness breeders in this State.

1 (2) A licensee may hold racing after 6:15 p.m. that consists of betting on
2 races held at an out-of-state track, if the racing is:

3 (i) authorized under § 11-804 of this title; and

4 (ii) approved by the harness track licensee whose track is closest to
5 the licensee's track, the group that represents a majority of the owners and trainers
6 who race horses at that harness track, and the group that represents a majority of the
7 harness breeders in this State.

8 (3) Notwithstanding any approval for racing after 6:15 p.m., electrical or
9 artificial illumination, necessary for the purpose of holding live racing, may not be
10 permitted at Pimlico Race Course.

11 (4) Notwithstanding the provisions of paragraph (1) or (2) of this
12 subsection, a licensee in Allegany County may hold live or simulcast racing after 6:15
13 p.m., but not later than 11:30 p.m., unless circumstances beyond the control of the
14 licensee cause a delay.

15 (b) (1)] Mile thoroughbred racing may not be held on a Sunday unless:

16 [(i)] (1) the Commission approves; and

17 [(ii)] (2) the racing begins at noon or later.

18 [(2)] (B) The Maryland State Fair and Agricultural Society, Inc., may not
19 hold a race on a Sunday except during the Maryland State Fair.

20 11-518.

21 (a) In this section, "open purse" means any purse, except for one offered in a
22 race funded by the Maryland-Bred Race Fund.

23 (b) The Commission may direct a deduction from open purse money of 0.25%
24 of all mutuel pools to be paid to the Maryland Backstretch Employees Pension Fund.

25 (c) Subject to the approval of the Commission, the licensees and an
26 organization that represents a majority of the owners and trainers in the State shall
27 agree on a formula for distributing open purse money.

28 (d) The formula shall distribute approximately [85%] 90% of the open purse
29 money to the overnight races of the current year and approximately [15%] 10%, but
30 not more than [17%] 12%, to the stakes races of the current year.

31 (e) The organization that represents a majority of the owners and trainers in
32 the State shall set an amount not less than 1% but not more than 2% that shall be
33 deducted from all open purses and paid to the organization.

1 11-804.

2 (a) The intent of this section is similar to that of the Interstate Horseracing
3 Act of 1978, 15 U.S.C. §§ 3001 through 3007.

4 (b) If the Commission approves, a licensee may contract to hold pari-mutuel
5 betting on a race that is held at an out-of-state track where betting on racing is
6 lawful.

7 (c) Pari-mutuel betting under this section may only occur:

8 (1) on a racing day when the Commission has authorized the licensee to
9 hold racing; and

10 (2) (i) at the track of the licensee;

11 (ii) at any track where pari-mutuel betting on races on the racing
12 program of the licensee for that day is authorized; or

13 (iii) at a satellite simulcast facility.

14 (d) (1) The breakage and takeout for pari-mutuel betting under this section
15 shall be computed in the way normally applicable to pari-mutuel betting on racing
16 the licensee holds.

17 (2) From the takeout the licensee shall deduct:

18 (i) the State tax on all mutuel pools;

19 (ii) the amount to be paid under the contract to the out-of-state
20 track; and

21 (iii) the cost of transmission.

22 (3) The licensee shall then allocate the rest of the takeout in the way
23 applicable to the racing that the licensee holds.

24 (e) A contract with an out-of-state track under this section is subject to the
25 approval of the group that represents a majority of the APPLICABLE owners and
26 trainers who [race horses at that track] ARE LICENSED IN THIS STATE and the group
27 that represents a majority of the applicable breeders in this State.

28 11-805.

29 (a) Except for racing held by the Maryland-National Capital Park and
30 Planning Commission, the Commission may authorize [telephone betting at any
31 track where racing is authorized] AN ENTITY, ON APPLICATION, TO CONDUCT
32 TELEPHONE ACCOUNT BETTING IN THE STATE.

1 (b) The breakage and takeout on all telephone betting shall be computed in
2 the way normally applicable to pari-mutuel betting on [racing the licensee holds]
3 THE BREED OF THE HORSE ON WHICH THE BET IS MADE.

4 SECTION 2. AND BE IT FURTHER ENACTED, That:

5 (a) On or before December 15 of each year, the Maryland Racing Commission,
6 subject to § 2-1246 of the State Government Article, shall report to the Senate
7 Finance Committee and the House Committee on Ways and Means as to the impact of
8 any additional State assistance provided to enhance racing purses or bred funds.

9 (b) The Maryland Racing Commission's report shall also include:

10 (1) a summary of the structure and level of racing purses in Maryland
11 compared to other states in the mid-Atlantic region, including:

12 (i) the number of live racing days at each racetrack;

13 (ii) the average daily purse distribution;

14 (iii) the average purse per race;

15 (iv) the average stakes purses per race; and

16 (v) the percentage of total purses dedicated to stakes races;

17 (2) the structure and level of funding for bred funds in Maryland
18 compared to other bred funds and similar programs to encourage horse breeding in
19 other states in the mid-Atlantic region;

20 (3) the on-track wagering handle for live races conducted at each
21 Maryland racetrack;

22 (4) the total wagering handle on Maryland racing including both
23 in-state and out-of-state wagering; and

24 (5) the average daily attendance at racetracks in Maryland compared to
25 other states in the mid-Atlantic region.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 June 1, 2005.