

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 903
Ways and Means

(Delegate Gilleland, *et al.*)

Finance

Thoroughbred Racing - Maryland-Bred Fund Races - Out-of-State Tracks

This bill authorizes the Maryland Racing Commission to approve the running of a Maryland-bred race at a thoroughbred track outside the State.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: None. The bill would not materially affect State operations or finances.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Each mile thoroughbred racing licensee and the Maryland State Fair and Agricultural Society, Inc., must provide for the running of races known as the Maryland-Bred Fund Races. On recommendation of the Advisory Committee, the Maryland Racing Commission must set: (1) the number of fund races; (2) the amount of each purse; (3) the date of each fund race; (4) the distance of each fund race; (5) each breeder's award; and (6) any other condition needed to carry out the purpose of a fund race. The commission must set the amount of each purse and the conditions for each fund race in time to allow a licensee who provides for a fund race to include the purse and conditions in the stake book and condition book of the licensee.

Background: The General Assembly created the Maryland-Bred Race Fund in 1962. The fund consists primarily of revenue from the percentage of the takeout from all horse races held by thoroughbred tracks. The fund is then apportioned among purses for stakes races for Maryland-bred horses and awards given to the owners and breeders. In order to be a registered Maryland-bred horse eligible for the awards, a horse must be foaled in Maryland. Additionally, the horse must meet one of the following requirements: • the breeder of the horse must reside in Maryland for more than nine months before the registration; • the horse must be conceived in Maryland in the previous season; or • the horse's dam must have been sent to Maryland to foal and after foaling was covered by a Maryland stallion during the season of the horse's birth.

Owner awards are paid when Maryland-bred horses win races other than stakes races and certain other races. Breeder awards and stallion awards are paid when a Maryland-bred horse wins or places in any stakes race in the State. Finally, yearling show bonus awards are given to the four highest winning two-year-olds and three-year-olds shown at the annual Maryland Horse Breeders Association show.

Of the revenues collected in the fund, approximately 55% is designated for purses and owner awards, and 45% is allocated to breeder and stallion awards. Breeder awards are twice the amount of stallion awards and range from 4% to 16% of the earner's share of the purse for the breeder and from 2% to 8% of the earner's share of the purse for the stallion owner. Owner awards are usually between 10% and 16% of the winner's share of the purse and are paid when a registered Maryland-bred horse wins a race other than a stakes race. The specific amount of the award is calculated at the end of each race meeting and is dependent on the total mutuel handle and the number of Maryland-breds earning bonuses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 12, 2006
ncs/rhh

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