

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

Senate Bill 98

(Senator Della)

Finance

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**Thoroughbred Racing - Restrictions on Night and Sunday Racing - Repeal**

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This bill repeals the following statutory restrictions that are currently in place for thoroughbred racing in Maryland: (1) thoroughbred racing cannot be held after 6:15 p.m. except under specified circumstances; (2) mile thoroughbred racing may not be held on Sundays unless approved by the Maryland Racing Commission and the racing begins at noon or later; and (3) the Maryland State Fair and Agricultural Society may not hold a race on Sundays, except during the State Fair.

The bill takes effect June 1, 2006.

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**Fiscal Summary**

**State Effect:** The bill is not expected to alter State operations or finances.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** A thoroughbred licensee is prohibited by statute from holding racing after 6:15 p.m. unless: (1) circumstances beyond the control of the licensee cause a delay; or (2) the racing consists of betting on races held at an out-of-state track and the racing is authorized under the provision of current law governing betting on out-of-state races.

Mile thoroughbred racing may not be held on Sundays unless approved by the Maryland Racing Commission and the racing begins at noon or later. The Maryland State Fair and Agricultural Society is prohibited from holding races on Sundays, except during the State Fair.

**Background:** Currently, most thoroughbred racing in Maryland occurs at Pimlico Race Course in Baltimore City and Laurel Race Track in Anne Arundel County, both owned by Magna Entertainment Corporation and run by the Maryland Jockey Club. All standardbred racing occurs at Rosecroft Raceway in Prince George's County and Ocean Downs in Worcester County, which are independently owned. The State Racing Commission licenses each facility; State law limits the number of licensees. An additional track license was awarded to Allegany Racing in Allegany County, which is owned by the same persons that own Ocean Downs. Allegany Racing has yet to begin construction and most likely will not begin construction unless slot machines are approved and Allegany Racing is designated one of the sites. Ocean Downs has also recently opened an off-track betting establishment in Cambridge.

The bill addresses one recommendation of the House Committee on Ways and Means' Study of Video Lottery Terminals that was issued in January 2004. The committee made the following recommendation:

- strong consideration should be given to authorizing thoroughbreds to conduct night racing.

Historically, thoroughbred racing was conducted during the day and standardbred racing in the evening. This tradition was recognized in law by statute passed in 1984 which provided that thoroughbred racing could not be conducted after 6:15 p.m., with limited exceptions. Two notable exceptions to this custom exist in the Mid-Atlantic Region, Charles Town Races and Mountaineer Race Track in West Virginia.

The committee's report also noted that authorizing thoroughbreds to race at night would allow the industry to showcase its product at a time more convenient to the general public. Horse racing remains the only major sport in the United States that continues to be conducted on a regular basis on weekdays during the day. This is a major obstacle to attracting new fans to the sport's declining base. Removing the restriction on nighttime thoroughbred racing would provide the thoroughbred industry the option of identifying certain seasons or certain nights when night racing would increase on-track attendance.

The bill also addresses an issue that continues to affect the industry – the revenue sharing agreement between the Maryland Jockey Club and Rosecroft Raceway. Since the advent of simulcast wagering in the State, the thoroughbred and harness industries, both

comprised of track owners, horsemen, and horse breeders, have operated under some type of revenue sharing agreement where all of the net revenue generated by simulcasting and live racing was divided among all of the parties. The agreement, which expired in April 2004, was commonly referred to as the 80/20 agreement whereby the thoroughbred industry share of the net revenue was 80% and the harness industry received 20% of the net revenue. Because both industries were collectively operating as one industry the prohibition on thoroughbred track operations after 6:15 p.m. was waived.

After the expiration of the 80/20 agreement it took several weeks for the thoroughbred and harness industries to renegotiate and agree to a new revenue sharing agreement. Under the new agreement, which has been in effect since June 2004, Rosecroft is required to pay the thoroughbred industry 12% of gross wagering on all thoroughbred signals shown at the Rosecroft facility. Conversely, the Maryland Jockey Club pays the harness industry 12% of gross wagering on all harness races shown at its facilities (Laurel and Pimlico). In 2005, Rosecroft paid approximately \$7.9 million to the Maryland Jockey Club under the agreement; the Maryland Jockey Club paid Rosecroft approximately \$2.3 million. Any change to the current agreement must be agreed upon by all of the parties that make up the thoroughbred and harness industries. The prohibition on thoroughbred track operations after 6:15 p.m. is still waived. However, the only nighttime racing currently conducted at the State's thoroughbred tracks is conducted via simulcast.

**State Fiscal Effect:** The repeal of the prohibition against night racing and Sunday racing is not expected to have an operational or fiscal effect because the prohibition is currently waived due to the revenue sharing agreement between the Maryland Jockey Club and Rosecroft Raceway. The bill eliminates the need for an agreement between the thoroughbred and standardbred industries in order for the thoroughbred industry to operate at night. In addition, the Racing Commission advises that Sunday racing is currently conducted at all the State's race tracks.

The bill is not expected to significantly affect the overall amount that is wagered at Maryland horse racing tracks and, therefore, would not affect the amount of State wagering taxes collected.

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### **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 - January 24, 2006

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