

Department of Legislative Services
Maryland General Assembly
2007 Special Session

FISCAL AND POLICY NOTE

Senate Bill 18

(Senators Gladden and Conway)

Budget and Taxation

Preakness Protection Plan

This bill requires a license issued for the operation of video lottery terminals (VLTs) at Pimlico Race Course to be revoked in the event that Preakness Stakes or Woodlawn Vase horse racing events are transferred outside the State.

The bill also requires the Comptroller to establish a special fund that uses 0.001% of VLT net proceeds to support (1) a classic track and horse racing museum operated by the Department of Business and Economic Development (DBED); and (2) an equestrian and sports recreation center located near Pimlico Race Course and operated by Baltimore City.

Fiscal Summary

State Effect: The potential passage of a VLT bill will determine State revenues.

Local Effect: Baltimore City expenditures would increase, offset by special fund proceeds.

Small Business Effect: Minimal.

Analysis

Current Law: The Preakness Stakes may be transferred to another track in the State only as the result of a disaster or emergency. If the Preakness Stakes is transferred out of the State, the State Racing Commission may revoke any racing days awarded to the Maryland Jockey Club of Baltimore City and award the racing days to another licensee.

If the Preakness Stakes is offered for sale, the State has the option to buy at the amount of any offer that the licensee wishes to accept.

Background: Legislation has been introduced in the past several legislative sessions to authorize VLTs at horse racing tracks and other tourist destinations in the State. Many of the proposals specify Pimlico Race Course as an authorized location for VLT gaming. For more information on prior year introductions and VLT gaming in other states, consult the *Legislators' Guide to Video Lottery Terminal Gaming*.

State Revenues: The bill would require 0.001% of VLT net proceeds to be placed in a special fund. The number of VLTs associated with a proposed VLT bill and the amount of net proceeds is unknown. The impact on State revenues would vary accordingly.

State Expenditures: DBED estimates that a small-scale classic track and horse racing museum, operating five days per week, would require \$0.5 million per year for administration, marketing, and operations. This estimate provides for three full-time department employees, as well as a contract for personnel and other services specific to museum curation and design. It is assumed that these expenditures would be offset by special fund proceeds.

Capital funds would also be required to acquire land and construct the museum. The amount of these expenditures would vary based on the location of the museum and its design, and presumably the amount of available special fund revenues.

Local Fiscal Effect: Baltimore City would receive monies from the special fund to operate an equestrian center, community sports facility, and sports fields. The size, scope, and costs associated with these facilities depends on the revenues generated through the passage of proposed VLT legislation.

Additional Information

Prior Introductions: Numerous bills have been introduced in the past five years that would revoke the VLT operation license for Pimlico Race Course if either the Preakness Stakes or Woodlawn Vase is transferred out of the State, most recently SB 950 and HB 17 of 2007 and SB 225 and HB 318, HB 442, HB 575, and HB 970 of 2006.

Cross File: None.

Information Source(s): Department of Business and Economic Development; Department of Labor, Licensing, and Regulation; Baltimore City; Department of Legislative Services

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Analysis by: Michael P. Lee

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