

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 510

(Senator Middleton)

Finance

Ways and Means

Mile Thoroughbred Racing - Live Racing Days - Additional License

This bill authorizes the Maryland Racing Commission to issue an additional mile thoroughbred license to a person meeting specified requirements, if the number of live racing days requested by other licensees is less than 180 days on the day live racing days are awarded. The commission is authorized to award as many live racing days to the new licensee as determined to be in the best interest of Maryland racing.

Fiscal Summary

State Effect: None. The bill is not expected to increase the number of live racing days.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Racing Commission must award mile thoroughbred live racing days for the next calendar year by December 1 of each year. The Racing Commission may meet after December 1 to award additional live racing days requested in an application.

Background: Currently, most live thoroughbred horse racing in Maryland occurs at Pimlico Race Course in Baltimore City and Laurel Park in Anne Arundel County, which are tracks run by the Maryland Jockey Club. All live standardbred racing occurs at Rosecroft in Prince George's County and Ocean Downs in Worcester County, which are independently owned. Limited racing also occurs at Timonium and Fair Hill. The State

Racing Commission licenses each facility, and 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 unless slot machines are approved with Allegany Racing as one of the designated sites.

During the 2007 special session, the General Assembly passed a constitutional amendment authorizing up to 15,000 video lottery terminals (VLTs) at five locations and a bill that establishes the operational and regulatory framework for VLTs, which is contingent on voter approval of the constitutional amendment at the 2008 general election. If approved, 7% of VLT revenues, but not exceeding \$100.0 million, will be dedicated to racing purses and 2.5% annually over an eight-year period, not to exceed \$40.0 million will be dedicated to race track capital improvements. Eighty percent of the purse funds will go to the thoroughbred industry and 20% to the standardbred industry; out of the funds dedicated to each industry, 85% will go to purses while 15% will go to the respective bred funds. Specifically, the following provisions will affect Maryland thoroughbred racing, as a condition of receiving racetrack renewal funds:

- State licensed tracks must maintain a specified minimum number of racing days; Laurel and Pimlico must maintain a combined minimum of 220 live racing days and Pimlico must be awarded at least 40 days;
- if a VLT licensee also holds a racing license and the licensee owns the Preakness, the Preakness must remain in Maryland and, with certain exceptions, must run the Preakness at Pimlico Race Course;
- if a VLT machine license is awarded to the owners of Laurel Park, that license will be revoked if the Preakness is moved outside of the State;
- the license holder for Laurel Park must continue to permit the Maryland Million to run at Laurel Park; and
- racing licensees must submit quality improvement and marketing plans to the Racing Commission and provide at least \$1.5 million of annual maintenance and improvements.

Exhibit 1 shows the number of live racing days at Pimlico and Laurel over the past five years. The number dips below the bill's 180-day threshold in 2007.

Exhibit 1
Live Racing Days – Pimlico and Laurel
2003-2007

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Pimlico	71	135	61	31	31
Laurel	138	62	134	153	148
Total Days	209	198	195	184	177

Source: Maryland Racing Commission; Department of Legislative Services

State Fiscal Effect: The bill is not expected to have a direct effect on the operations of the Maryland Racing Commission. The commission advises that mile thoroughbred tracks do not operate at the same time; and, at this time adding live racing days is unlikely. Therefore, awarding an additional licensee would only result in a redistribution of live racing days rather than an increase in the overall number of live racing days.

Additional Information

Prior Introductions: This bill was introduced as SB 836 in 2006 and assigned to the Senate Rules Committee.

Cross File: None.

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

Fiscal Note History: First Reader - March 4, 2008
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Analysis by: Michael Sanelli

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