

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 197 (Chair, Finance Committee)
(By Request – Departmental – Labor, Licensing, and Regulation)

Finance

Ways and Means

Harness Racing - Maryland Standardbred Race Fund

This departmental bill repeals the requirement that the Racing Commission cancel a Maryland Standardbred Race Fund race if there are fewer than two qualified entries in the race.

The bill takes effect July 1, 2008.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing, and Regulation has determined that the bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: The Racing Commission is required to cancel a Maryland Standardbred Race Fund race if there are fewer than two qualified entries in the race.

Background: The Maryland Standardbred Race Fund was established in 1971 to encourage the standardbred industry in the State. The fund consists primarily of revenues from the percentage of the takeout from harness tracks as well as fees paid by owners,

breeders, and stallion owners. Funds are allocated to purses for two sets of races, the Maryland Standardbred Fund (or the Foaled Stakes Program) and the Maryland Sire Stakes Program. Only standardbred horses foaled in Maryland may start in races under the Foaled Stakes Program, and only standardbred horses that are sired by a Maryland stallion may start in races under the Maryland Sire Stakes Program. A small percentage of funds is also allocated to breeder and stallion awards.

In order to be a registered Maryland-bred standardbred horse eligible for the races, the 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 have been conceived in Maryland in the previous season; • or the horse's dam must have been sent to Maryland to foal and, after foaling, have been covered by a Maryland stallion during the season of the horse's birth.

The number of eligible horses for fund races in the Maryland Sire Stakes Program has declined significantly since 1989. While the number of eligible horses in the Maryland Foaled Stakes Program has decreased over the same period, the reduction has not been as dramatic, as many of the foals born are sired by out-of-state stallions. **Exhibit 1** shows the number of eligible yearlings for the Sire Stakes Program and the Foaled Stakes Program.

The bill would allow a one horse race, called a walkover. While there has not been an instance of a cancelled race in recent years, there is concern in the standardbred industry that this could occur in Sire Stakes races as only half of the eligible horses enroll in a race in many of the categories of racing horses. **Exhibit 2** shows the number of eligible Sire Stakes races horses in 2007 and the number of horses that actually raced.

The commission and the industry assert that the requirement to cancel a race if only one horse is eligible diminishes the value and marketability of foals made eligible to participate in bred fund races. It is further argued that this in turn discourages breeders from maintaining their breeding stock in Maryland and otherwise making their foals eligible to participate in the various bred fund races.

Exhibit 1
Maryland Sire Stakes Program and Foaled Stakes Program – Yearling Nominations
1989-2007

<u>Year</u>	<u>Maryland Sire Stakes</u>	<u>Maryland Foaled Stakes</u>
1989	625	673
1990	489	606
1991	559	661
1992	462	594
1993	435	611
1994	418	634
1995	415	597
1996	369	550
1997	328	643
1998	325	549
1999	187	507
2000	197	502
2001	176	516
2002	185	588
2003	129	572
2004	111	592
2005	149	606
2006	100	576
2007	76	501

Source: Maryland Standardbred Race Fund

Exhibit 2
Maryland Sire Stakes Program
2007

<u>Division</u>	<u>Eligible</u>	<u>Actually Raced</u>	<u>% Raced</u>
2-year Old Pacing Colt	20	11	55%
2-year Old Trotting Colt	18	9	50%
2-year Old Pacing Filly	18	9	50%
2-year Old Trotting Filly	20	8	40%
3-year Old Pacing Colt	28	13	46%
3-year Old Trotting Colt	13	11	85%
3-year Old Pacing Filly	29	15	52%
3-year Old Trotting Filly	16	7	44%

Source: Maryland Standardbred Race Fund

Additional Information

Prior Introductions: None.

Cross File: None.

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

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Analysis by: Michael Sanelli

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