

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 60

(The Speaker)(By Request - Department of Legislative  
Services)

Ways and Means

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**Maryland Horse Racing Act - Sunset Extension and Program Evaluation**

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This bill extends the termination date of the entities covered by the Maryland Horse Racing Act (Maryland Racing Commission, Maryland-Bred Race Fund Advisory Committee, and Standardbred Race Fund Advisory Committee) from July 1, 2011 to July 1, 2014. In addition, the bill requires full evaluations of these entities by July 1, 2013, without first conducting a preliminary evaluation.

The bill takes effect July 1, 2009.

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**Fiscal Summary**

**State Effect:** General and special fund revenues and expenditures for the entities are maintained through FY 2014. The Governor's proposed FY 2010 budget includes \$5.1 million for Racing Commission operations.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law/Background:** Approximately 70 entities, including those covered under the Horse Racing Act, are currently subject to periodic evaluation under the Maryland Program Evaluation Act. The Program Evaluation Act establishes a process more commonly known as "sunset review" as most entities evaluated are also subject to termination, including those covered under the Horse Racing Act.

The sunset review process begins with a preliminary evaluation conducted by the Department of Legislative Services (DLS) on behalf of the Legislative Policy Committee (LPC). LPC decides whether to waive an agency from further (or full) evaluation. If waived, legislation to reauthorize the entity typically is enacted. Otherwise, a full evaluation usually is undertaken the following year.

The State Racing Commission is the statewide regulatory and licensing body for the industry. The State Racing Commission regulates both harness and thoroughbred racing, as well as any steeplechase race at which pari-mutuel wagering is held. In this regulatory role, the commission is vested with the authority to prescribe the conditions under which all horse races are conducted within the State. The commission is authorized to:

- adopt regulations and conditions to govern racing and pari-mutuel betting in the State;
- approve specific types of betting and admission charges;
- operate a testing laboratory;
- assign racing dates;
- regulate satellite simulcast betting;
- license individuals employed at or connected with the race tracks;
- audit and supervise race track financial operations;
- administer and approve the activities of the Maryland-Bred Race Fund and the Standardbred Race Fund;
- administer the Maryland Jockey Injury Compensation Fund; and
- collect taxes and fees imposed under the Code of Maryland Regulations.

In addition to its regulatory activities, the State Racing Commission administers the Maryland-Bred Race Fund and the Maryland Standardbred Race Fund. The Maryland-Bred Race Fund was created in 1962 as an incentive program to encourage the improvement of thoroughbred horse breeding and racing in Maryland. The Standardbred

Race Fund, created in 1971, serves as an incentive program to promote the breeding and racing of standardbred horses in Maryland.

The State Racing Commission administers the two bred funds with the assistance and advice of separate advisory committees. Each advisory committee recommends to the State Racing Commission the number, date, distance, and purse amount of fund races and the amounts of breeders' awards.

A preliminary sunset evaluation of the State Racing Commission and the two bred fund advisory committees by DLS during the 2008 interim found that, because legalized gambling finances the racing industry, its continued regulation is necessary. DLS recommended a full evaluation to examine the commission's responsibilities in light of recent and expected future changes in Maryland's horse racing industry as well as its performance in ensuring the health, safety, and well-being of horses and jockeys. However, because the racing industry likely will undergo significant changes over the next few years, as a result of financial assistance from video lottery terminal revenues, DLS recommended a deferral of the full evaluation in order to evaluate the State Racing Commission in an environment that reflects these anticipated changes. Thus, DLS recommended extending the termination date for the State Racing Commission by three years to July 1, 2014, and conducting a full evaluation without benefit of another preliminary evaluation so that a full evaluation would be undertaken during the 2012 interim rather than the 2009 interim.

This bill implements those recommendations as adopted by LPC at its December 16, 2008 meeting.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 119 (The President)(By Request - Department of Legislative Services) - Finance.

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

**Fiscal Note History:** First Reader - February 4, 2009  
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