

SENATE BILL 794

C6

2lr1138
CF 2lr1137

By: **Senators Garagiola, Astle, DeGrange, Glassman, King, Klausmeier,
Mathias, Middleton, Muse, and Robey**

Introduced and read first time: February 3, 2012

Assigned to: Budget and Taxation and Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Horse Racing – Purse Dedication Account – Use of Funds for Operating**
3 **Assistance**

4 FOR the purpose of repealing a restriction that limits to a certain calendar year the
5 use of certain Purse Dedication Account funds for operating assistance by the
6 Ocean Downs Race Course and Rosecroft Raceway to support a minimum of a
7 certain number of live racing days at each of these race courses; authorizing the
8 use of certain revenues from the Purse Dedication Account for certain operating
9 expenses at certain racetracks; placing certain conditions on the receipt of
10 certain grants from the Purse Dedication Account; requiring certain racing
11 licensees to provide certain information to the Secretary under certain
12 circumstances; providing for the effective date of certain provisions of this Act;
13 providing for the termination of certain provisions of this Act; and generally
14 relating to the use of Purse Dedication Account funds by the Ocean Downs Race
15 Course and Rosecroft Raceway for operating assistance.

16 BY repealing and reenacting, without amendments,
17 Article – State Government
18 Section 9–1A–28(e), (f), and (h)
19 Annotated Code of Maryland
20 (2009 Replacement Volume and 2011 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – State Government
23 Section 9–1A–28(g)
24 Annotated Code of Maryland
25 (2009 Replacement Volume and 2011 Supplement)

26 BY renumbering
27 Article – State Government

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 9–1A–28(g) and (h), respectively
2 to be Section 9–1A–28(i) and (j), respectively
3 Annotated Code of Maryland
4 (2009 Replacement Volume and 2011 Supplement)
5 (As enacted by Chapter 412 of the Acts of the General Assembly of 2011)

6 BY adding to
7 Article – State Government
8 Section 9–1A–28(g) and (h)
9 Annotated Code of Maryland
10 (2009 Replacement Volume and 2011 Supplement)
11 (As enacted by Chapter 412 of the Acts of the General Assembly of 2011)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article – State Government**

15 9–1A–28.

16 (e) The amount of funds allocated to standardbred purses and the
17 Standardbred Race Fund shall be allocated as follows:

18 (1) 89% to standardbred purses at Rosecroft Raceway, Ocean Downs
19 Race Course, and the racecourse in Allegany County, allocated based on the number of
20 live racing days at each track location; and

21 (2) 11% to the Standardbred Race Fund.

22 (f) From the amount provided to thoroughbred purses, the State Racing
23 Commission shall pay an annual grant of \$100,000 to Fair Hill, as defined under §
24 11–811 of the Business Regulation Article.

25 (g) Of the amount provided from the Purse Dedication Account under
26 subsection (e)(1) of this section:

27 (1) for Ocean Downs Race Course, up to \$1,200,000 **ANNUALLY** may
28 be used to provide operating assistance to support a minimum of 40 **ANNUAL** live
29 racing days [for calendar year 2012 only] unless the racing licensee is prevented by
30 weather, acts of God, or other circumstances beyond the racing licensee’s control; and

31 (2) for Rosecroft Raceway, up to \$1,200,000 **ANNUALLY** may be used
32 to provide operating assistance to support a minimum of 40 **ANNUAL** live racing days
33 [for calendar year 2012 only] unless the racing licensee is prevented by weather, acts
34 of God, or other circumstances beyond the racing licensee’s control.

1 (h) (1) To obtain operating assistance under this section:

2 (i) a holder of a racing license to race at Ocean Downs Race
3 Course or Rosecroft Raceway may apply to the Secretary of Labor, Licensing, and
4 Regulation for the reimbursement of expenditures made by the racing licensee to
5 conduct the annual live racing schedule; and

6 (ii) a holder of a racing license to race at Rosecroft Raceway
7 shall:

8 1. agree to rehire workers employed at the facility prior
9 to the end of live racing on June 27, 2008; and

10 2. recognize collective bargaining agreements that were
11 in place as of June 1, 2008.

12 (2) (i) On the completion of the review of the application by a
13 certified public accountant, the Secretary may authorize the reimbursement of
14 expenditures by the racing licensee that are necessary to conduct the annual live
15 racing schedule.

16 (ii) Expenditures eligible for reimbursement under
17 subparagraph (i) of this paragraph shall include the ordinary and reasonable costs of
18 conducting the race meetings, pari-mutuel wagering, and stabling activities of the
19 racing licensee, net of ordinary income and receipts.

20 (iii) The reimbursement calculation under subparagraph (ii) of
21 this paragraph may not include:

22 1. extraordinary income and expense-related items,
23 including extraordinary litigation expenses;

24 2. lobbying fees;

25 3. capital investments, including predevelopment costs;
26 or

27 4. prior year adjustments and claims.

28 (3) All costs associated with the racing licensee's application shall be
29 paid by the racing licensee.

30 (4) In support of the racing licensee's application and request for
31 reimbursement submitted under paragraph (1) of this subsection, the racing licensee
32 shall provide to the Secretary:

1 (i) monthly financial information requested by the Secretary, in
2 a form satisfactory to the Secretary; and

3 (ii) an annual audited financial statement.

4 (5) A racing licensee may not receive assistance under this section
5 while the racing licensee is a party to a proceeding challenging the issuance or denial
6 of a video lottery operation license.

7 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 9–1A–28(g)
8 and (h), respectively, of Article – State Government of the Annotated Code of
9 Maryland be renumbered to be Section(s) 9–1A–28(i) and (j), respectively.

10 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
11 read as follows:

12 **Article – State Government**

13 9–1A–28.

14 (e) The amount of funds allocated to standardbred purses and the
15 Standardbred Race Fund shall be allocated as follows:

16 (1) 89% to standardbred purses at Rosecroft Raceway, Ocean Downs
17 Race Course, and the racecourse in Allegany County, allocated based on the number of
18 live racing days at each track location; and

19 (2) 11% to the Standardbred Race Fund.

20 (f) From the amount provided to thoroughbred purses, the State Racing
21 Commission shall pay an annual grant of \$100,000 to Fair Hill, as defined under §
22 11–811 of the Business Regulation Article.

23 **(G) OF THE AMOUNT PROVIDED FROM THE PURSE DEDICATION**
24 **ACCOUNT UNDER SUBSECTION (E)(1) OF THIS SECTION:**

25 **(1) FOR OCEAN DOWNS RACE COURSE, UP TO \$1,200,000**
26 **ANNUALLY MAY BE USED TO PROVIDE OPERATING ASSISTANCE TO SUPPORT A**
27 **MINIMUM OF 40 ANNUAL LIVE RACING DAYS UNLESS THE RACING LICENSEE IS**
28 **PREVENTED BY WEATHER, ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND**
29 **THE RACING LICENSEE’S CONTROL; AND**

30 **(2) FOR ROSECROFT RACEWAY, UP TO \$1,200,000 ANNUALLY**
31 **MAY BE USED TO PROVIDE OPERATING ASSISTANCE TO SUPPORT A MINIMUM OF**
32 **40 ANNUAL LIVE RACING DAYS UNLESS THE RACING LICENSEE IS PREVENTED**

1 BY WEATHER, ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE RACING
2 LICENSEE'S CONTROL.

3 (H) (1) TO OBTAIN OPERATING ASSISTANCE UNDER THIS SECTION:

4 (I) A HOLDER OF A RACING LICENSE TO RACE AT OCEAN
5 DOWNS RACE COURSE OR ROSECROFT RACEWAY MAY APPLY TO THE
6 SECRETARY OF LABOR, LICENSING, AND REGULATION FOR THE
7 REIMBURSEMENT OF EXPENDITURES MADE BY THE RACING LICENSEE TO
8 CONDUCT THE ANNUAL LIVE RACING SCHEDULE; AND

9 (II) A HOLDER OF A RACING LICENSE TO RACE AT
10 ROSECROFT RACEWAY SHALL:

11 1. AGREE TO REHIRE WORKERS EMPLOYED AT THE
12 FACILITY PRIOR TO THE END OF LIVE RACING ON JUNE 27, 2008; AND

13 2. RECOGNIZE COLLECTIVE BARGAINING
14 AGREEMENTS THAT WERE IN PLACE AS OF JUNE 1, 2008.

15 (2) (I) ON THE COMPLETION OF THE REVIEW OF THE
16 APPLICATION BY A CERTIFIED PUBLIC ACCOUNTANT, THE SECRETARY MAY
17 AUTHORIZE THE REIMBURSEMENT OF EXPENDITURES BY THE RACING
18 LICENSEE THAT ARE NECESSARY TO CONDUCT THE ANNUAL LIVE RACING
19 SCHEDULE.

20 (II) EXPENDITURES ELIGIBLE FOR REIMBURSEMENT
21 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE THE
22 ORDINARY AND REASONABLE COSTS OF CONDUCTING THE RACE MEETINGS,
23 PARI-MUTUEL WAGERING, AND STABLING ACTIVITIES OF THE RACING
24 LICENSEE, NET OF ORDINARY INCOME AND RECEIPTS.

25 (III) THE REIMBURSEMENT CALCULATION UNDER
26 SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY NOT INCLUDE:

27 1. EXTRAORDINARY INCOME AND
28 EXPENSE-RELATED ITEMS, INCLUDING EXTRAORDINARY LITIGATION
29 EXPENSES;

30 2. LOBBYING FEES;

31 3. CAPITAL INVESTMENTS, INCLUDING
32 PREDEVELOPMENT COSTS; OR

1 4. **PRIOR YEAR ADJUSTMENTS AND CLAIMS.**

2 **(3) ALL COSTS ASSOCIATED WITH THE RACING LICENSEE’S**
3 **APPLICATION SHALL BE PAID BY THE RACING LICENSEE.**

4 **(4) IN SUPPORT OF THE RACING LICENSEE’S APPLICATION AND**
5 **REQUEST FOR REIMBURSEMENT SUBMITTED UNDER PARAGRAPH (1) OF THIS**
6 **SUBSECTION, THE RACING LICENSEE SHALL PROVIDE TO THE SECRETARY:**

7 **(I) MONTHLY FINANCIAL INFORMATION REQUESTED BY**
8 **THE SECRETARY, IN A FORM SATISFACTORY TO THE SECRETARY; AND**

9 **(II) AN ANNUAL AUDITED FINANCIAL STATEMENT.**

10 **(5) A RACING LICENSEE MAY NOT RECEIVE ASSISTANCE UNDER**
11 **THIS SECTION WHILE THE RACING LICENSEE IS A PARTY TO A PROCEEDING**
12 **CHALLENGING THE ISSUANCE OR DENIAL OF A VIDEO LOTTERY OPERATION**
13 **LICENSE.**

14 SECTION 4. AND BE IT FURTHER ENACTED, That Sections 2 and 3 of this
15 Act shall take effect on the taking effect of the termination provision specified in
16 Section 5 of Chapter 412 of the Acts of the General Assembly of 2011. If that
17 termination provision takes effect, Section 1 of this Act shall be abrogated and of no
18 further force and effect. This Act may not be interpreted to have any effect on that
19 termination provision.

20 SECTION 5. AND BE IT FURTHER ENACTED, That, subject to the provisions
21 of Section 4 of this Act, this Act shall take effect October 1, 2012.