

Chapter 303

(Senate Bill 794)

AN ACT concerning

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

FOR the purpose of ~~repealing a restriction that limits to a certain calendar year~~ authorizing for certain calendar years the use of certain Purse Dedication Account funds for operating assistance by the Ocean Downs Race Course and Rosecroft Raceway to support a minimum of a certain number of live racing days at each of these race courses; authorizing the use of certain revenues from the Purse Dedication Account for certain operating expenses at certain racetracks; placing certain conditions on the receipt of certain grants from the Purse Dedication Account; requiring certain racing licensees to provide certain information to the Secretary of Labor, Licensing, and Regulation under certain circumstances; prohibiting certain funds from being used to contribute to a campaign finance entity or make an independent expenditure; providing for the effective date of certain provisions of this Act; providing for the termination of certain provisions of this Act; and generally relating to the use of Purse Dedication Account funds by the Ocean Downs Race Course and Rosecroft Raceway for operating assistance.

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

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

BY renumbering
Article – State Government
Section 9–1A–28(g) and (h), respectively
to be Section 9–1A–28(i) and (j), respectively
Annotated Code of Maryland
(2009 Replacement Volume and 2011 Supplement)
(As enacted by Chapter 412 of the Acts of the General Assembly of 2011)

BY adding to

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

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

Article – State Government

9–1A–28.

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

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

(2) 11% to the Standardbred Race Fund.

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

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

~~(1)~~ **(I)** for Ocean Downs Race Course, up to \$1,200,000 ~~ANNUALLY~~ **EACH YEAR FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015** may be used to provide operating assistance to support a minimum of 40 ANNUAL live racing days [for calendar year 2012 only] **FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015 ONLY** unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee’s control; and

~~(2)~~ **(II)** for Rosecroft Raceway, up to \$1,200,000 ~~ANNUALLY~~ **EACH YEAR FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015** may be used to provide operating assistance to support a minimum of 40 ANNUAL live racing days [for calendar year 2012 only] **FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015 ONLY** unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee’s control.

(2) FUNDS RECEIVED BY OCEAN DOWNS RACE COURSE OR ROSECROFT RACEWAY UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY NOT BE USED TO CONTRIBUTE TO A CAMPAIGN FINANCE ENTITY UNDER TITLE 13 OF THE ELECTION LAW ARTICLE OR MAKE AN INDEPENDENT EXPENDITURE AS DEFINED IN § 1-101 OF THE ELECTION LAW ARTICLE.

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

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

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

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

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

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

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

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

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

2. lobbying fees;

3. capital investments, including predevelopment costs;

or

4. prior year adjustments and claims.

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

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

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

(ii) an annual audited financial statement.

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

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

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

Article – State Government

9-1A-28.

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

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

(2) 11% to the Standardbred Race Fund.

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

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

~~(1)~~ (1) FOR OCEAN DOWNS RACE COURSE, UP TO \$1,200,000 ANNUALLY EACH YEAR FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015 MAY BE USED TO PROVIDE OPERATING ASSISTANCE TO SUPPORT A MINIMUM OF 40

ANNUAL LIVE RACING DAYS FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015 UNLESS THE RACING LICENSEE IS PREVENTED BY WEATHER, ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE RACING LICENSEE'S CONTROL; AND

~~(2)~~ (II) FOR ROSECROFT RACEWAY, UP TO \$1,200,000 ANNUALLY EACH YEAR FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015 MAY BE USED TO PROVIDE OPERATING ASSISTANCE TO SUPPORT A MINIMUM OF 40 ANNUAL LIVE RACING DAYS FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015 UNLESS THE RACING LICENSEE IS PREVENTED BY WEATHER, ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE RACING LICENSEE'S CONTROL.

(2) FUNDS RECEIVED BY OCEAN DOWNS RACE COURSE OR ROSECROFT RACEWAY UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY NOT BE USED TO CONTRIBUTE TO A CAMPAIGN FINANCE ENTITY UNDER TITLE 13 OF THE ELECTION LAW ARTICLE OR MAKE AN INDEPENDENT EXPENDITURE AS DEFINED IN § 1-101 OF THE ELECTION LAW ARTICLE.

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

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

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

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

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

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

(II) EXPENDITURES ELIGIBLE FOR REIMBURSEMENT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE THE ORDINARY AND REASONABLE COSTS OF CONDUCTING THE RACE MEETINGS,

PARI-MUTUEL WAGERING, AND STABLING ACTIVITIES OF THE RACING LICENSEE, NET OF ORDINARY INCOME AND RECEIPTS.

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

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

2. LOBBYING FEES;

3. CAPITAL INVESTMENTS, INCLUDING PREDEVELOPMENT COSTS; OR

4. PRIOR YEAR ADJUSTMENTS AND CLAIMS.

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

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

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

(II) AN ANNUAL AUDITED FINANCIAL STATEMENT.

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

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

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

Approved by the Governor, May 2, 2012.