

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 1143
Ways and Means

(Delegate Rosenberg, *et al.*)

Gaming - Racetrack Facility Renewal Account - Pimlico Historic Preservation
Commission

This bill establishes the Pimlico Historic Preservation Commission. The bill specifies that a grant from the Racetrack Facility Renewal Account (RFRA) to Pimlico Race Course may, in addition to racetrack facility capital construction and improvements, be used for programs, partnerships, and studies by the Pimlico Historic Preservation Commission. Any uses of a grant from RFRA to Pimlico Race Course for capital construction and improvements must be approved by the Pimlico Historic Preservation Commission.

Fiscal Summary

State Effect: None. The bill does not alter the amount of funds that may be allocated from RFRA, but rather alters the uses of funds from RFRA that are made available to Pimlico Race Course to include programs, partnerships, and studies by the Pimlico Historic Preservation Commission.

Local Effect: Pimlico Historic Preservation Commission members are entitled to reimbursement for expenses as provided in the Baltimore City budget and approved in advance by the Baltimore City Director of Finance; as a result, Baltimore City expenditures may increase by a minimal amount beginning in FY 2014.

Small Business Effect: None.

Analysis

Bill Summary: The bill establishes a Pimlico Historic Preservation Commission consisting of seven members with a demonstrated interest or specific knowledge of history, architecture, historic preservation, community development, or urban design.

The bill requires the uses of any grant from RFRA to Pimlico Race Course for capital construction and improvements at the racetrack to be approved by the Pimlico Historic Preservation Commission.

In approving the uses of a grant provided to Pimlico Race Course, the commission may direct that funds be used to ensure that the cultural heritage of Pimlico is kept alive, such as (1) developing educational programs and partnerships with other agencies and organizations and (2) directing studies to identify historically, culturally, or architecturally significant sites and structures in Pimlico.

The bill specifies that in developing a capital construction plan, the holder of a racing license to race at Pimlico Race Course must consult with the affected community associations and institutions in the neighborhoods eligible for local impact grants. The plan must include (1) the licensee's plan to accommodate the needs for employment and economic development in the neighborhoods eligible for certain local impact grants for an area in the Park Heights Master Plan, within one mile of Pimlico Race Course, or in the Northwest Community Planning Forum Strategic Neighborhood Action Plan and (2) the licensee's plan to mitigate the temporary and permanent impacts on employees of local businesses from a loss of parking resulting from capital construction and improvements at the Pimlico Race Course.

After a capital grant has been provided, the State Racing Commission must monitor the implementation of the approved capital construction plan for Pimlico Race Course in consultation with the Department of General Services and the Pimlico Historic Preservation Commission.

The commission must submit a report to the Mayor and City Council of Baltimore City and the General Assembly summarizing the commission's activities by March 1 of each year.

Current Law/Background: The statute that authorizes the State's gaming program also specifies uses of the video lottery terminal (VLT) revenue to the benefit of the horse racing industry. The Division of Racing's fiscal 2014 allowance includes:

- \$42.3 million – 7.0% of VLT revenues to a purse dedication account to enhance horse racing purses and bred funds. Of this amount, 80.0% is allocated to the thoroughbred industry and 20.0% to the standardbred industry.
- \$10.5 million – 1.75% of VLT revenues to a racetrack facility renewal account for racetrack facility capital construction and improvements. To the extent that racetracks apply for the funds, 80.0% is allocated to Pimlico Race Course, Laurel Park, and the Racecourse at Timonium; and 20.0% is allocated to Rosecroft Raceway and Ocean Downs Race Course. Chapter 1 of the second special session of 2012 (SB 1) lowered the amount of revenue dedicated to the account from 2.5% to 1.75% effective October 1, 2012. The legislation also lowered the annual cap on revenues to the account from \$40 million to \$20 million. Any unencumbered funds will be allocated to the Education Trust Fund.

After many years of disagreements on revenue sharing, number of racing days, and other issues, the Maryland Jockey Club, the Maryland Thoroughbred Horsemen's Association, and the Maryland Horse Breeders Association reached a 10-year agreement in December 2012 that will guarantee the continuation of racing at the thoroughbred tracks.

The agreement follows a temporary solution reached in 2010 that ensured continued racing due to an operating subsidy provided to the racetracks. The subsidy was provided out of the VLT proceeds dedicated to racetrack capital improvements.

Now that purse enhancements and racetrack renewal funds are growing as a result of the VLT facilities around the State, the industry has become secure enough to commit to the 10-year agreement. The agreement provides that the Maryland Jockey Club, which operates the primary thoroughbred tracks in the State, will agree to a guaranteed 146 days of racing in 2013 and at least 100 days of racing in each subsequent year. The agreement allows the Maryland Thoroughbred Horsemen's Association to buy additional days of racing each year. Additionally, the Jockey Club has also agreed to maintain a minimum of 1,900 stalls year-round for racing, training, and stabling of horses.

The agreement also addressed revenue sharing. The parties agreed to a distribution of the revenues from the pari-mutuel handle on site and at off-track betting facilities. Also, the parties agreed to a two-year agreement allowing for cross-breed simulcasts between the thoroughbred tracks and Rosecroft Raceway harness track.

The uncertainty that was eliminated, due to the 10-year agreement, has allowed the tracks to begin to plan for capital improvements. To that end, the owners of the State's thoroughbred tracks and the owner of Ocean Downs harness track have submitted preliminary capital improvement plans to the Racing Commission. These submissions

will allow the tracks to have access to racetrack redevelopment funds that are derived from VLT revenues.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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