

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 988
Ways and Means

(Chair, Ways and Means Committee, *et al.*)

Finance

Maryland Horse Racing Act - Sunset Extension and Program Evaluation

This bill extends the termination date for the Maryland Horse Racing Act by 10 years to July 1, 2024, and requires a preliminary evaluation of the Maryland Racing Commission, the Maryland-Bred Race Fund Advisory Committee, and the Standardbred Race Fund Advisory Committee under the Maryland Program Evaluation Act to be conducted by December 15, 2021.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: General fund revenues and expenditures for the Maryland Racing Commission are maintained beyond FY 2014. The Governor's proposed FY 2015 budget includes \$2.2 million in general fund expenditures and \$500,000 in special fund expenditures for commission operations.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background:

Maryland Program Evaluation Act

The Maryland Horse Racing Act is 1 of approximately 70 regulatory entities and activities currently subject to periodic evaluation under the Maryland Program Evaluation Act. The Act establishes a process better known as “sunset review” as most agencies evaluated are subject to termination, including the Maryland Horse Racing Act, which is scheduled to terminate July 1, 2014. The sunset review process traditionally begins with a preliminary evaluation conducted by the Department of Legislative Services (DLS) on behalf of the Legislative Policy Committee (LPC), although a few entities are subject to direct full evaluation. LPC decides whether to waive an entity 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.

In 2008, DLS conducted a preliminary evaluation of the State Racing Commission (the Maryland Racing Commission or MRC), the Maryland-Bred Race Fund Advisory Committee, and the Standardbred Race Fund Advisory Committee. DLS recommended a full evaluation to examine the commission’s responsibilities in light of changes in Maryland’s horse racing industry and the commission’s performance in ensuring the health, safety, and well-being of horses and jockeys. However, due to anticipated changes in the industry at the time of the preliminary evaluation, DLS recommended deferring the full evaluation. Subsequently, Chapter 196 of 2009 extended the termination date of the commission and its advisory boards to July 1, 2014, and required DLS to conduct a direct full evaluation by July 1, 2013. DLS began the evaluation process in June 2012, but as the status of gaming in Maryland remained in flux and the Workgroup to Consider Gaming Expansion had just been appointed, DLS deferred completion of the evaluation until 2013.

A copy of the DLS sunset report on the Maryland Racing Commission can be found at <http://dls.state.md.us/Content.aspx?page=104>.

Maryland Racing Commission

MRC regulates harness and thoroughbred racing, as well as any steeplechase race at which pari-mutuel wagering is held. MRC comprises nine members appointed by the Governor with the advice and consent of the Senate. Of the nine commission members, statute requires that at least three have a background in thoroughbred racing and three have a background in harness racing. In addition, no more than four members may have a financial interest in Maryland horse racing and no more than six members may

belong to the same political party. Commissioners serve a four-year term and receive compensation and reimbursement for travel expenses as provided in the annual State budget.

MRC is housed within the Division of Racing in the Department of Labor, Licensing, and Regulation (DLLR). The commission is one of two budgeted programs within the Division of Racing. The other budgeted program is Racetrack Operation Reimbursement.

In addition to its regulatory activities, MRC 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.

MRC administers the two bred funds with the assistance and advice of separate advisory committees. Each advisory committee recommends to MRC the number, date, distance, and purse amount of fund races and the amounts of breeders' awards. The administrator of the Maryland-Bred Fund works for the Maryland Horse Breeders Association, while the administrator of the Standardbred Race Fund is employed by the Division of Racing in DLLR.

Race Fund Advisory Committees

The Maryland-Bred Race Fund Advisory Committee consists of five members. Of the five members, two must be recommended by the Maryland Horse Breeders Association, one by the mile-thoroughbred racing licensees, and one by the State Fair and Agricultural Society. One member of the Maryland-Bred Race Fund Advisory Committee must also be a member of MRC.

The Standardbred Race Fund Advisory Committee also consists of five members. Of the five members, one must be recommended by the standardbred breeding industry, one by the Cloverleaf Standardbred Owners' Association, one by the commercial breeders, and one by the harness track licensees. One member of the Standardbred Race Fund Advisory Committee must also be a member of MRC.

Additional Information

Prior Introductions: None.

Cross File: SB 527 (Chair, Finance Committee) - Finance.

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

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mc/jrb

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