

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 1230
Ways and Means

(Delegate C. Howard, *et al.*)

Standardbred Racing - Purse Dedication Account - Operating Assistance to
Rosecroft Raceway

This bill repeals the requirement that a racing license holder at Rosecroft Raceway must agree to rehire workers employed at the facility prior to the end of live racing on June 27, 2008, and recognize collective bargaining agreements that were in place as of June 1, 2008, in order to obtain operating assistance from the Purse Dedication Account (PDA).

Fiscal Summary

State Effect: The bill does not directly affect governmental operations or finances.

Local Effect: None.

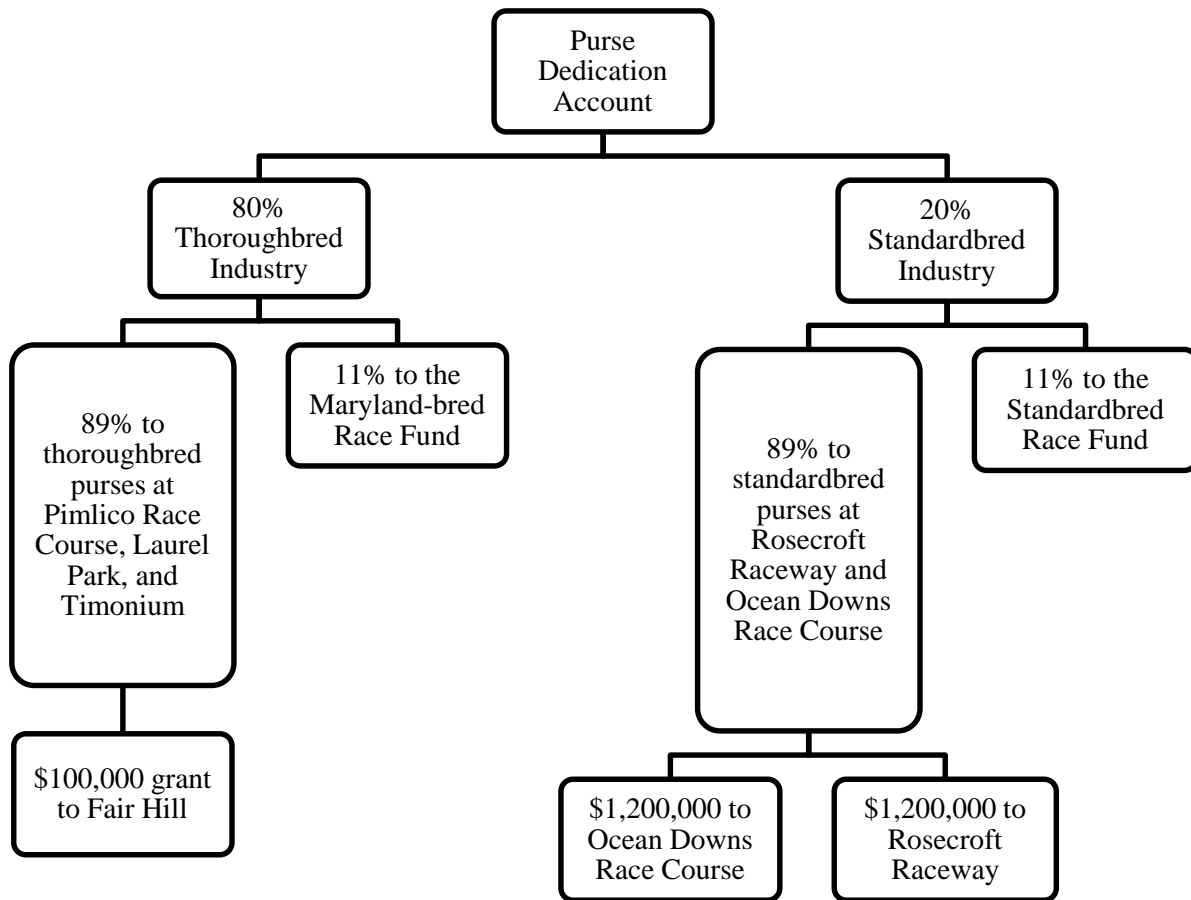
Small Business Effect: None.

Analysis

Current Law/Background: Generally, 7% of video lottery terminal (VLT) proceeds, not to exceed \$100 million, is distributed to PDA, which is under the authority of the State Racing Commission. Once the casino in Prince George's County opens in fiscal 2017, the percentage of VLT proceeds allocated to PDA is reduced to 6%.

Exhibit 1 shows how funds in PDA are distributed. The State Racing Commission must allocate 80% of the funds in PDA to the thoroughbred industry and 20% to the standardbred industry. Of those amounts, 89% goes directly to purses and 11% to the respective bred race funds.

Exhibit 1
Distribution of Funds within the Purse Dedication Account



Source: Department of Legislative Services

Of the amount that goes to standardbred purses, up to \$1.2 million may be used for Ocean Downs Race Course to provide operating assistance to support a minimum of 40 annual live racing days for calendar years 2012 through 2015, unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee's control. An additional \$1.2 million from standardbred purses may be provided to Rosecroft Raceway to provide operating assistance to support a minimum of 40 annual live racing days for calendar years 2012 through 2015, unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee's control. Ocean Downs Race Course and Rosecroft Raceway may not use these funds to contribute to a specified campaign finance entity or make a specified election-related independent expenditure.

In order to obtain operating assistance, Rosecroft Raceway must (1) agree to hire back 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.

Upon completion of review by a certified public accountant, the Department of Labor, Licensing, and Regulation (DLLR) may authorize the reimbursement of expenditures by the racing licensee that are necessary to conduct the live racing schedule. All costs associated with the racing licensee's application must be paid by the racing licensee. In support of the racing licensee's application and request for reimbursement, the racing licensee must provide monthly financial information and an annual audited financial statement to DLLR.

Expenditures eligible for reimbursement must 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. The reimbursement calculation 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.

Racing licensees may not receive assistance while the racing licensee is a party to a proceeding challenging the issuance or denial of a video lottery operation license.

Rosecroft Raceway ceased live racing in 2008, but then reopened for live racing in 2011 under the ownership of Penn National Gaming, Inc.

State Fiscal Effect: The bill has no impact on State finances. The bill eases the requirements that Rosecroft Raceway must meet to receive an annual distribution of up to \$1.2 million for operating assistance through calendar 2015. However, the bill does not alter the overall amount of revenue distributed to the funds within PDA.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 13, 2015
min/jrb

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