

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 606
Ways and Means

(Delegate Valentino-Smith, *et al.*)

Horse Racing - Racetrack Facility Renewal Account - Eligibility and Capital Expenditures

This bill alters the conditions of eligibility for racing licensees to receive funds from the Racetrack Facility Renewal Account (RFRA). For each year that funding is requested, Laurel Park and Pimlico Race Course must spend a combined total of at least \$1.5 million and Rosecroft Raceway and Ocean Downs Racetrack must each spend at least \$300,000 for capital maintenance and improvements. These minimum amounts may include amounts provided as a matching fund. The Maryland Racing Commission (MRC) may grant a one-time request for up to \$150,000 of RFRA funding by December 31, 2018, for a capital improvement project at the Bowie Race Course Training Center if the project relates to the security, maintenance, and upkeep of the center and the owner of the center provides a matching fund that consists of expenditures for the project made by the owner on or after April 1, 2017.

The bill takes effect June 1, 2017.

Fiscal Summary

State Effect: None, as the bill does not affect overall revenue for RFRA. Total special fund expenditures from RFRA do not change; however, the bill may redirect \$150,000 of RFRA revenues to the Bowie Race Course Training Center by December 31, 2018.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Except for the video lottery facility in Allegany County, 1% of video lottery terminal proceeds from each video lottery facility is distributed to RFRA, which is under the authority of MRC, for the first 16 years of operations at each video lottery facility. Revenues to RFRA may not exceed \$20 million annually. MRC must allocate 80% of RFRA funds to the Pimlico Race Course, Laurel Park, and the racecourse in Timonium and 20% to Rosecroft Raceway and Ocean Downs Race Course.

In order to obtain a grant, a holder of a license to hold a race meeting in the State must submit a capital construction plan to MRC and provide matching funds. After a grant has been provided, MRC must, in consultation with the Department of General Services, monitor the implementation of the approved capital construction plan and make provisions for the recapture of funds under specified circumstances.

Exhibit 1 shows the distribution of RFRA funds to the racetracks.

Exhibit 1
Current Distribution of Racetrack Facility Renewal Account Funding
Fiscal 2018-2022
(\$ in Millions)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total in Racetrack Facility Renewal Account	\$10.9	\$11.0	\$11.2	\$11.3	\$11.5
<i>Pimlico Race Course, Laurel Park, and the Racecourse at Timonium</i>	8.7	8.8	8.9	9.1	9.2
<i>Rosecroft Raceway and Ocean Downs Race Course</i>	2.2	2.2	2.2	2.3	2.3

Source: Comptroller's Office; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: SB 178 (Senator Peters, *et al.*) - Finance.

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

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