A BILL ENTITLED

AN ACT concerning

Video Lottery Terminal Proceeds – Racetrack Facility Renewal Account – Use of Funds

FOR the purpose of allocating Racetrack Facility Renewal Account funds to the Maryland Economic Development Corporation for certain purposes and to the Bowie Race Course Training Center; authorizing a certain racing licensee and the owner of the Bowie Race Course Training Center individually, jointly, or through a parent organization to enter into certain agreements with the Corporation to facilitate the issuance of certain bonds or financing for certain purposes; providing for the requirements of a certain agreement; requiring the Corporation to provide certain notification to the Legislative Policy Committee within a certain time period before executing a certain agreement; authorizing the Comptroller to pay a certain amount to the Corporation from the Racetrack Facility Renewal Account under certain circumstances; prohibiting the Comptroller from paying more than a certain amount to the Racetrack Facility Renewal Account for a certain purpose under certain circumstances; repealing an obsolete provision; providing for the application of this Act; defining certain terms; and generally relating to the video lottery terminal proceeds distribution to the Racetrack Facility Renewal Account.

BY repealing and reenacting, with amendments,

Article – State Government
Section 9–1A–27(a)(5) and 9–1A–29
Annotated Code of Maryland
(2014 Replacement Volume and 2018 Supplement)

BY adding to
Article – State Government
Section 9–1A–29.1
Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – State Government

9–1A–27.

(a) Except as provided in subsections (b) and (c) of this section and § 9–1A–26(a)(3) of this subtitle, on a properly approved transmittal prepared by the Commission, the Comptroller shall pay the following amounts from the proceeds of video lottery terminals at each video lottery facility:

(5) [(i) until the issuance of a video lottery operation license in Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under § 9–1A–29 of this subtitle and distributed in accordance with that section; and

(ii) on or after the issuance of a video lottery operation license in Baltimore City,] SUBJECT TO § 9–1A–29.1 OF THIS SUBTITLE, 1% to the Racetrack Facility Renewal Account established under § 9–1A–29 of this subtitle and distributed in accordance with that section, not to exceed a total of $20,000,000 to the Account annually;

9–1A–29.

(a) (1) THE REQUIREMENTS OF THIS SECTION DO NOT APPLY TO THE FUNDS PAID TO THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION UNDER § 9–1A–29.1 OF THIS SUBTITLE.

(2) There is a Racetrack Facility Renewal Account under the authority of the State Racing Commission.

(b) (1) The Account shall receive money as required under § 9–1A–27 of this subtitle for the first 16 years of operations at each video lottery facility.

(2) Money in the Account shall be invested and reinvested by the Treasurer and interest and earnings shall accrue to the Account.

(3) The Comptroller shall:

(i) account for the Account; and

(ii) on a properly approved transmittal prepared by the State Racing Commission, issue a warrant to pay out money from the Account in the manner provided under this section.
(4) The Account is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(5) Expenditures from the Account shall only be made on a properly approved transmittal prepared by the State Racing Commission as provided under subsection (c) of this section.

(6) (i) Subject to subparagraph (ii) of this paragraph, the State Racing Commission may use the services of a certified public accountant to review an eligible request for a grant under this section.

(ii) The holder of a license to hold a race meeting in the State that has requested a grant under this section shall reimburse the State Racing Commission for any expenditures for services under subparagraph (i) of this paragraph.

(c) Funds from the Account shall be used to provide a grant to the holder of a license to hold a race meeting in the State for racetrack facility capital construction and improvements.

(d) The amount of funds made available from the Racetrack Facility Renewal Account shall be allocated as follows:

(1) SUBJECT TO SUBSECTION (L) OF THIS SECTION, 80% to:

(I) THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION UNDER § 9–1A–29.1 OF THIS SUBTITLE; OR

(II) the Pimlico Race Course, Laurel Park, THE BOWIE RACE COURSE TRAINING CENTER, and the racecourse at Timonium; and

(2) 20% to Rosecroft Raceway and Ocean Downs Race Course.

(e) In order to obtain a grant, a holder of a license to hold a race meeting in the State shall:

(1) submit a capital construction plan to be implemented within a specified time frame to the State Racing Commission for approval; and

(2) except as provided in subsection (f) of this section, provide and expend a matching fund.

(f) (1) Of the amount provided from the Racetrack Facility Renewal Account under subsection (d)(1) of this section, the racecourse at Timonium shall be provided the following amounts for racetrack facility capital construction and improvements:

(i) for fiscal year 2012, $1,125,000;
(ii) for fiscal year 2013, $1,250,000;

(iii) for fiscal year 2014, $1,125,000;

(iv) for fiscal year 2015, $1,000,000; and

(v) for fiscal year 2016, $1,000,000.

(2) A matching fund is not required for the amount provided for the racecourse at Timonium under paragraph (1) of this subsection.

(3) (i) From the amounts provided in paragraph (1) of this subsection, the holder of a racing license to race at the racecourse at Timonium may use up to $350,000 per year to support a minimum of 7 live racing days.

(ii) Use of funds authorized under subparagraph (i) of this paragraph must be approved by the Secretary of Labor, Licensing, and Regulation under terms and a process consistent with the provisions of subsection (j) of this section.

(g) Of the amount provided from the Racetrack Facility Renewal Account under subsection (d)(1) of this section, the State Racing Commission may provide direct grant funding for the establishment of a horse racing museum as part of the Pimlico Race Course.

(h) After a grant has been provided under this section, the State Racing Commission shall:

(1) in consultation with the Department of General Services, monitor the implementation of the approved capital construction plan; and

(2) make provisions for recapture of grant moneys if the capital construction plan is not implemented within the time frame approved by the State Racing Commission.

(i) Any unencumbered funds remaining in the Racetrack Facility Renewal Account after a video lottery facility has been in operation for 16 years shall be paid to the Education Trust Fund established under § 9–1A–30 of this subtitle.

(j) The State Racing Commission shall adopt regulations to implement the provisions of this subsection, including regulations to address minimum criteria for the types of improvements to be made by the holder of a license.

(k) The provisions of this section may not be construed to apply to the racecourse in Allegany County.

(L) IF THE COMPTROLLER PAYS ANY AMOUNT OF THE ALLOCATION UNDER SUBSECTION (D)(1) OF THIS SECTION TO THE MARYLAND ECONOMIC
DEVELOPMENT CORPORATION as required under § 9–1A–29.1 of this subtitle, the amount of any payment shall reduce the amount allocated to the entities under subsection (d)(1)(ii) of this section and may not reduce the amount allocated to the entities under subsection (d)(2) of this section.

9–1A–29.1.

(A) (1) In this section the following words have the meanings indicated.

(2) “Corporation” means the Maryland Economic Development Corporation established under § 10–105 of the Economic Development Article.

(3) “Racing licensee” means the holder of a license issued by the State Racing Commission to hold a race meeting at Laurel Park under Title 11 of the Business Regulation Article.

(B) (1) A racing licensee and the owner of the Bowie Race Course Training Center, acting individually, jointly, or through a parent organization, may enter into necessary agreements with the Corporation to facilitate the issuance of bonds or other financing to construct improvements and capital facilities at Laurel Park and on the grounds of the Bowie Race Course Training Center.

(2) At least 15 days before entering an agreement under paragraph (1) of this subsection, the Corporation shall notify, in accordance with § 2–1246 of this article, the Legislative Policy Committee of its intent to enter into the agreement.

(C) An agreement under subsection (b) of this section shall require:

(1) The racing licensee, the owner of the Bowie Race Course Training Center, or the parent organization of both to pay for at least 50% of the total costs associated with the bonds or financing, including debt service and repayment of principal, interest, and fees;

(2) Before the Corporation issues bonds or other financing, approval by the State Racing Commission of the plans for any racetrack improvements or capital projects at Laurel Park or the Bowie Race Course Training Center; and
(3) THE CORPORATION TO MONITOR THE IMPLEMENTATION OF THE
plans approved by the State Racing Commission under paragraph (2) of
this subsection.

(D) (1) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
Corporation, and in an amount determined by the Corporation
according to the debt service schedule, the Comptroller shall pay to
the Corporation up to 80% of the amount required to be distributed
under § 9–1A–27(a)(5) of this subtitle to the Race Track Facility
Renewal Account established under § 9–1A–29 of this subtitle.

(2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE,
payments required under paragraph (1) of this subsection shall
continue in duration and in the amounts required by the Corporation,
in accordance with the terms of the bond or financing agreements.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
October 1, 2019.