

HOUSE BILL 990

C7, C6

9lr2431
CF 9lr2505

By: **Delegates Chang, B. Barnes, Bartlett, Buckel, Carey, Chisholm, Fennell, Holmes, Hornberger, Jackson, Kipke, Reilly, Rogers, Szeliga, Valentino-Smith, Walker, and R. Watson**

Introduced and read first time: February 8, 2019

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

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

19 BY repealing and reenacting, with amendments,
20 Article – State Government
21 Section 9–1A–27(a)(5) and 9–1A–29
22 Annotated Code of Maryland
23 (2014 Replacement Volume and 2018 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2014 Replacement Volume and 2018 Supplement)

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.

1 (4) The Account is a special, nonlapsing fund that is not subject to § 7-302
2 of the State Finance and Procurement Article.

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

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

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

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

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

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

18 **(I) THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION**
19 **UNDER § 9-1A-29.1 OF THIS SUBTITLE; OR**

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

22 (2) 20% to Rosecroft Raceway and Ocean Downs Race Course.

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

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

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

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

32 (i) for fiscal year 2012, \$1,125,000;

1 (ii) for fiscal year 2013, \$1,250,000;

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

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

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

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

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

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

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

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

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

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

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

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

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

31 **(L) IF THE COMPTROLLER PAYS ANY AMOUNT OF THE ALLOCATION UNDER**
32 **SUBSECTION (D)(1) OF THIS SECTION TO THE MARYLAND ECONOMIC**

1 DEVELOPMENT CORPORATION AS REQUIRED UNDER § 9-1A-29.1 OF THIS
2 SUBTITLE, THE AMOUNT OF ANY PAYMENT SHALL REDUCE THE AMOUNT ALLOCATED
3 TO THE ENTITIES UNDER SUBSECTION (D)(1)(II) OF THIS SECTION AND MAY NOT
4 REDUCE THE AMOUNT ALLOCATED TO THE ENTITIES UNDER SUBSECTION (D)(2) OF
5 THIS SECTION.

6 9-1A-29.1.

7 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
8 INDICATED.

9 (2) "CORPORATION" MEANS THE MARYLAND ECONOMIC
10 DEVELOPMENT CORPORATION ESTABLISHED UNDER § 10-105 OF THE ECONOMIC
11 DEVELOPMENT ARTICLE.

12 (3) "RACING LICENSEE" MEANS THE HOLDER OF A LICENSE ISSUED
13 BY THE STATE RACING COMMISSION TO HOLD A RACE MEETING AT LAUREL PARK
14 UNDER TITLE 11 OF THE BUSINESS REGULATION ARTICLE.

15 (B) (1) A RACING LICENSEE AND THE OWNER OF THE BOWIE RACE
16 COURSE TRAINING CENTER, ACTING INDIVIDUALLY, JOINTLY, OR THROUGH A
17 PARENT ORGANIZATION, MAY ENTER INTO NECESSARY AGREEMENTS WITH THE
18 CORPORATION TO FACILITATE THE ISSUANCE OF BONDS OR OTHER FINANCING TO
19 CONSTRUCT IMPROVEMENTS AND CAPITAL FACILITIES AT LAUREL PARK AND ON
20 THE GROUNDS OF THE BOWIE RACE COURSE TRAINING CENTER.

21 (2) AT LEAST 15 DAYS BEFORE ENTERING AN AGREEMENT UNDER
22 PARAGRAPH (1) OF THIS SUBSECTION, THE CORPORATION SHALL NOTIFY, IN
23 ACCORDANCE WITH § 2-1246 OF THIS ARTICLE, THE LEGISLATIVE POLICY
24 COMMITTEE OF ITS INTENT TO ENTER INTO THE AGREEMENT.

25 (C) AN AGREEMENT UNDER SUBSECTION (B) OF THIS SECTION SHALL
26 REQUIRE:

27 (1) THE RACING LICENSEE, THE OWNER OF THE BOWIE RACE
28 COURSE TRAINING CENTER, OR THE PARENT ORGANIZATION OF BOTH TO PAY FOR
29 AT LEAST 50% OF THE TOTAL COSTS ASSOCIATED WITH THE BONDS OR FINANCING,
30 INCLUDING DEBT SERVICE AND REPAYMENT OF PRINCIPAL, INTEREST, AND FEES;

31 (2) BEFORE THE CORPORATION ISSUES BONDS OR OTHER
32 FINANCING, APPROVAL BY THE STATE RACING COMMISSION OF THE PLANS FOR ANY
33 RACETRACK IMPROVEMENTS OR CAPITAL PROJECTS AT LAUREL PARK OR THE
34 BOWIE RACE COURSE TRAINING CENTER; AND

1 **(3) THE CORPORATION TO MONITOR THE IMPLEMENTATION OF THE**
2 **PLANS APPROVED BY THE STATE RACING COMMISSION UNDER PARAGRAPH (2) OF**
3 **THIS SUBSECTION.**

4 **(D) (1) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE**
5 **CORPORATION, AND IN AN AMOUNT DETERMINED BY THE CORPORATION**
6 **ACCORDING TO THE DEBT SERVICE SCHEDULE, THE COMPTROLLER SHALL PAY TO**
7 **THE CORPORATION UP TO 80% OF THE AMOUNT REQUIRED TO BE DISTRIBUTED**
8 **UNDER § 9-1A-27(A)(5) OF THIS SUBTITLE TO THE RACE TRACK FACILITY**
9 **RENEWAL ACCOUNT ESTABLISHED UNDER § 9-1A-29 OF THIS SUBTITLE.**

10 **(2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE,**
11 **PAYMENTS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL**
12 **CONTINUE IN DURATION AND IN THE AMOUNTS REQUIRED BY THE CORPORATION,**
13 **IN ACCORDANCE WITH THE TERMS OF THE BOND OR FINANCING AGREEMENTS.**

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