

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1070
Ways and Means

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

Video Lottery Terminals - Racetrack Facility Renewal Account - Allocation of Funds

This bill adds the Bowie Race Course Training Center to the list of thoroughbred racetrack facilities that are eligible to receive a distribution of revenues from the Racetrack Facility Renewal Account (RFRA) for specified capital construction and improvements.

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 Bowie Race Course Training Center will be eligible for RFRA revenues.

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 the Maryland Racing Commission (MRC), for the first 16 years of operations at each video lottery facility. Grants from RFRA are provided to racing licensees for racetrack facility capital construction and improvements. Revenues to RFRA may not exceed \$20.0 million annually. MRC must allocate 80% of RFRA funds to the Pimlico Race Course, Laurel Park, and the race course in Timonium and 20% to Rosecroft Raceway and Ocean Downs Race Course.

Generally, 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. The race course at Timonium received funds from RFRA in fiscal 2012 through 2016, as specified in statute, including \$1.0 million in each of fiscal 2015 and 2016. The race course at Timonium has not received any RFRA revenues since fiscal 2016.

Exhibit 1
Current Distribution of Racetrack Facility Renewal Account Funding
Fiscal 2020-2024
(\$ in Millions)

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Total in Racetrack Facility Renewal Account	\$10.7	\$10.9	\$11.0	\$11.1	\$11.8
<i>Thoroughbred Tracks</i>	8.6	8.7	8.8	8.9	9.4
<i>Standardbred Tracks</i>	2.1	2.2	2.2	2.2	2.4

Source: Comptroller’s Office; Department of Legislative Services

The Bowie Race Course Training Center has been closed since 2015. However, The Stronach Group, which owns Laurel Park, Pimlico Race Course, and the Bowie Race Track Training Center, has expressed an interest in renovating and reopening the training center at some point in the future.

The bill does not affect overall revenue for RFRA, and total special fund expenditures from RFRA do not change. However, the Bowie Race Course Training Center will be eligible for RFRA funds for capital construction and improvements beginning in fiscal 2020 (to receive such funding, it must provide a match).

Additional Information

Prior Introductions: None.

Cross File: SB 878 (Senator Peters, *et al.*) - Budget and Taxation.

Information Source(s): Department of Labor, Licensing, and Regulation; Comptroller's Office; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

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sb/jrb

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