

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 643  
Ways and Means

(Delegate Guyton)

Budget and Taxation

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Video Lottery Terminal Proceeds - Racetrack Facility Renewal Account -  
Racecourse at Timonium

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This bill alters the distribution of revenues from the Racetrack Facility Renewal Account (RFRA) so that the racecourse at Timonium receives the lesser of a *pro rata* share of specified RFRA revenues or \$350,000 for fiscal 2020 through 2024. The bill also establishes that the racecourse at Timonium must provide and expend a matching fund (by repealing the existing exception to this requirement) in order to receive RFRA revenues. Finally, the bill repeals a provision of law authorizing the racecourse at Timonium to use up to \$350,000 of RFRA funds per year for operating expenses. **The bill takes effect July 1, 2019.**

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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 redirects up to \$350,000 of RFRA revenues to the racecourse at Timonium in FY 2020 through 2024.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** The bill specifies that, for fiscal 2020 through 2024, the racecourse at Timonium must receive from RFRA an amount that equals the lesser of the racecourse's *pro rata* share of the amount provided to thoroughbred tracks based on the number of live racing days at the racecourse or \$350,000.

**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 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.

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.

The racecourse 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 racecourse at Timonium has not received any RFRA revenues since fiscal 2016.

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

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**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

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The bill does not affect overall revenue for RFRA, and total special fund expenditures from RFRA do not change. The bill requires the racecourse at Timonium to receive the lesser of the racecourse’s *pro rata* share of the RFRA funds provided to thoroughbred tracks based on the number of live racing days at the racecourse or \$350,000. Based on current RFRA estimates, the *pro rata* share is estimated to be approximately \$355,400 in fiscal 2020, increasing to approximately \$389,000 in fiscal 2024. As a result, the bill redirects \$350,000 of RFRA revenues to the racecourse at Timonium in

fiscal 2020 through 2024. The estimate assumes the racecourse provides matching funds and is based on the following:

- RFRA revenues total \$10.7 million in fiscal 2020 and \$11.8 million in fiscal 2024, as shown in Exhibit 1; and
- the racecourse at Timonium's share of live racing days is 4.1% of total thoroughbred live racing days, per MRC's 2017 annual report (Laurel Park, 150 live racing days; Pimlico Race Course, 12 live racing days; racecourse at Timonium, 7 live racing days).

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 673 (Senator West) - Budget and Taxation.

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

**Fiscal Note History:** First Reader - February 25, 2019  
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Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510