

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 673 (Senator West)
Budget and Taxation

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

This bill alters the distribution of revenues from the Racetrack Facility Renewal Account (RFRA) so that the racecourse at Timonium receives a pro rata share of specified RFRA revenues beginning in fiscal 2020. 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. **The bill takes effect July 1, 2019.**

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 approximately \$355,400 of RFRA revenues to the racecourse at Timonium in FY 2020, increasing to \$389,000 in FY 2024.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Beginning in fiscal 2020, the racecourse at Timonium must receive from RFRA an amount that equals the racecourse's pro rata share of the amount provided to thoroughbred tracks based on the number of live racing days at the racecourse.

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.

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 bill does not affect overall revenue for RFRA, and total special fund expenditures from RFRA do not change. However, the bill redirects approximately \$355,400 of RFRA revenues to the racecourse at Timonium in fiscal 2020, increasing to \$389,000 in fiscal 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).

Additional Information

Prior Introductions: None.

Cross File: HB 643 (Delegate Guyton) - Ways and Means.

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

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mm/jrb

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