

Department of Legislative Services  
Maryland General Assembly  
2023 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 363

(Senator Guzzone, *et al.*)

Budget and Taxation

Ways and Means

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Video Lottery Terminal Proceeds - Purse Dedication Account - Ocean Downs  
Race Course Operating Loss Assistance

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This bill alters and makes permanent the annual distribution to Ocean Downs Race Course for operating loss assistance from the Purse Dedication Account (PDA). Specifically, the bill authorizes an annual distribution equal to up to \$30,000 per live racing day, beginning in calendar 2023. The bill also repeals the calendar 2024 sunset date of the annual distribution to Ocean Downs Race Course from PDA. Under current law, Ocean Downs Race Course receives an annual distribution from PDA of up to \$1.2 million through calendar 2024. **The bill takes effect July 1, 2023.**

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### Fiscal Summary

**State Effect:** None, as the bill does not affect overall revenue for PDA. Total special fund expenditures from PDA do not change; however, the bill alters and redirects PDA revenues for distribution to Ocean Downs Race Course beginning in calendar 2023 as discussed below.

**Local Effect:** None.

**Small Business Effect:** Minimal.

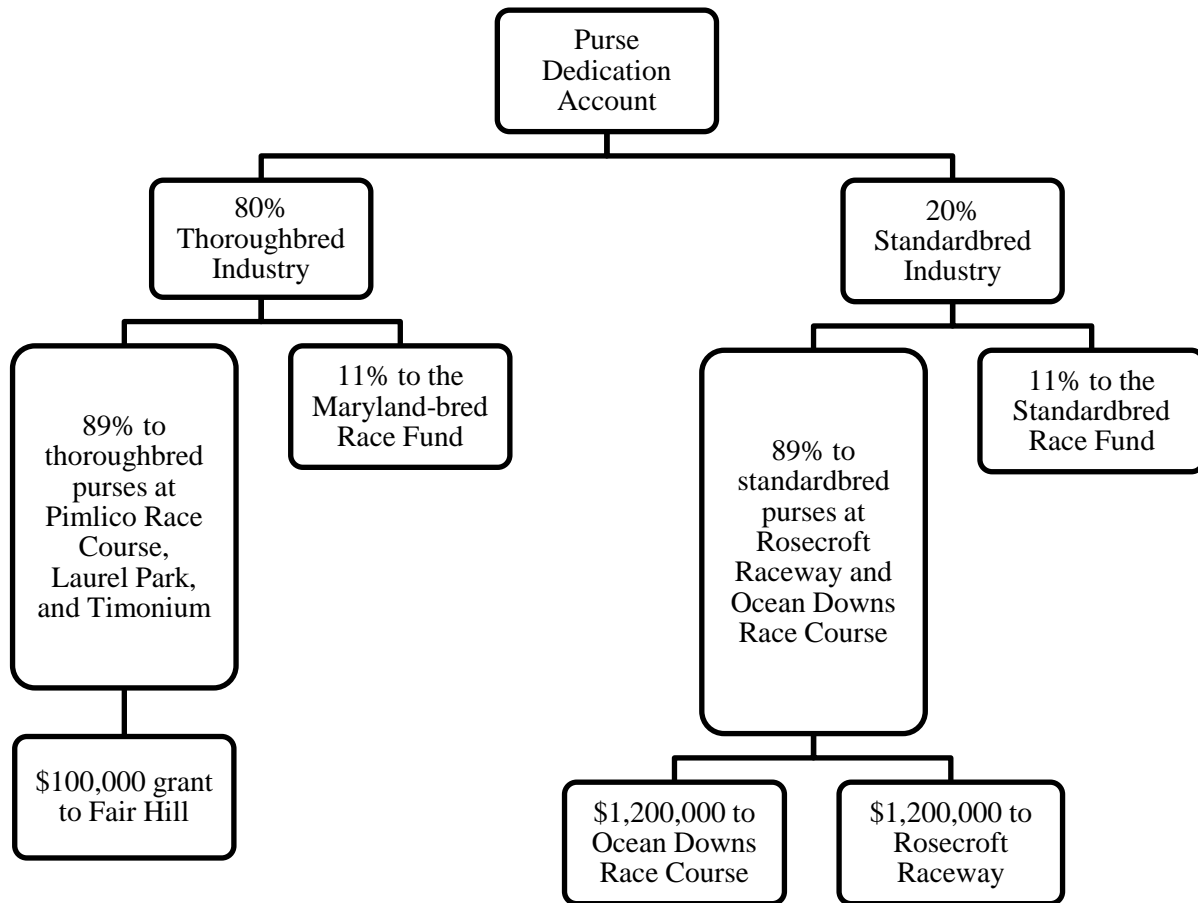
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### Analysis

**Current Law:** Generally, 6% of video lottery terminal proceeds, not to exceed \$100.0 million, is distributed to PDA, which is under the authority of the Maryland Racing Commission. PDA is projected to receive \$77.9 million in fiscal 2023 and \$81.0 million in fiscal 2024. **Exhibit 1** shows how funds in PDA are distributed. The Maryland Racing

Commission must allocate 80% of the funds in PDA to the thoroughbred industry and 20% to the standardbred industry. Of those amounts, 89% goes directly to purses and 11% to the respective bred race funds.

**Exhibit 1  
Distribution of Funds within the Purse Dedication Account**



Source: Department of Legislative Services

**State Fiscal Effect:** The bill does not affect overall revenue for PDA, and total special fund expenditures from PDA do not change. The bill alters the annual grant of up to \$1.2 million from PDA for Ocean Downs Race Course, which under current law ends after calendar 2024. The Maryland Racing Commission advises that there were 47 live racing days at Ocean Downs Race Course in 2022. Assuming a commensurate number of live racing days going forward, the annual grant to Ocean Downs Race Course increases to approximately \$1.41 million annually in calendar 2023 and 2024 and continues at that

amount each year thereafter. Accordingly, PDA funds available for purses at standardbred tracks decrease by approximately \$210,000 in calendar 2023 and 2024 and by \$1.41 million annually thereafter.

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### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 455 (Delegate Atterbeary, *et al.*) - Ways and Means.

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

**Fiscal Note History:** First Reader - February 7, 2023  
km/jrb Third Reader - March 29, 2023

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