

Chapter 412

(House Bill 1039)

AN ACT concerning

Horse Racing – Distribution of Video Lottery Revenues

FOR the purpose of altering certain distributions from the Purse Dedication Account for certain racing licensees; altering the conditions under which a certain licensee is required to take certain actions in connection with the Bowie Training Center; providing the State with the right of first refusal when a certain training center is no longer required to operate as a certain training center; providing the City of Bowie with the right of second refusal when a certain training center is no longer required to operate as a certain training center; providing that a certain grantee is not required to operate a certain training center as a training facility; requiring certain persons to reach a certain agreement on or before a certain date as a condition of eligibility for certain funding; providing for eligibility for certain funds under certain circumstances; requiring the Secretary of Labor, Licensing, and Regulation to conduct a certain mediation process; requiring certain parties to consent to a certain arbitration process under certain circumstances; prohibiting certain mediation or arbitration processes under certain circumstances; authorizing the use of certain revenues from the Purse Dedication Account for certain operating expenses at certain racetracks; permitting certain racing licensees to apply to the Secretary of Labor, Licensing, and Regulation for certain grants from the Purse Dedication Account for certain purposes; ~~authorizing a certain racing licensee to apply to the Secretary for a certain advance from the Maryland Economic Development Corporation; providing for the repayment of a certain advance from the Maryland Economic Development Corporation to a certain racing licensee;~~ requiring certain racing licensees to provide certain information to the Secretary under certain circumstances; authorizing the Secretary to approve certain grants and a certain advance from the Purse Dedication Account to certain racing licensees for certain expenses; placing certain conditions on the receipt of certain grants from the Purse Dedication Account ~~and a certain advance from the Maryland Economic Development Corporation;~~ permitting the use of certain revenues from the Racetrack Facility Renewal Account for certain operating expenses at certain racetracks; altering the distribution of certain funds from the Racetrack Facility Renewal Account for certain fiscal years; authorizing certain racing licensees to apply to the Secretary for certain grants from the Racetrack Facility Renewal Account for certain purposes; authorizing the Secretary to approve certain grants from the Racetrack Facility Renewal Account to certain racing licensees for certain expenses; requiring certain racing licensees to provide certain information to the Secretary under certain circumstances; placing certain conditions on the receipt of certain grants from the Racetrack Facility

~~Renewal Account; creating an Oversight Commission on Racing a Thoroughbred Racing Sustainability Task Force; specifying the composition and duties of the Oversight Commission; providing for the staffing of the Oversight Commission; requiring the Oversight Commission to report its findings and recommendations Task Force; requiring the Task Force to submit a certain plan to the Governor and the General Assembly Legislative Policy Committee; requiring the Secretary to submit a certain annual report to the Governor, the Oversight Commission on Racing, and the General Assembly on or before a certain date authorizing the Legislative Policy Committee to provide comments to the Governor on a certain plan; prohibiting the Comptroller from distributing certain funds until the Governor approves a certain plan; providing for the effective date of certain provisions of this Act; providing for the termination of certain provisions of this Act; defining certain terms; and generally relating to horse racing, the distribution of video lottery revenues, the Purse Dedication Account, and the Racetrack Facility Renewal Account.~~

BY repealing and reenacting, without amendments,
 Article – State Government
 Section 9–1A–01(a) and (w)
 Annotated Code of Maryland
 (2009 Replacement Volume and 2010 Supplement)

BY adding to
 Article – State Government
 Section 9–1A–01(x) *and 9–1A–09A*
 Annotated Code of Maryland
 (2009 Replacement Volume and 2010 Supplement)

BY repealing and reenacting, with amendments,
 Article – State Government
 Section 9–1A–01(x) through (dd), 9–1A–09, 9–1A–28, and 9–1A–29
 Annotated Code of Maryland
 (2009 Replacement Volume and 2010 Supplement)

~~BY adding to
 Article – Business Regulation
 Section 11–1401 and 11–1402 to be under the new subtitle “Subtitle 14
 Oversight Commission on Racing; Racing Funding Reports”
 Annotated Code of Maryland
 (2010 Replacement Volume and 2010 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-01.

(a) In this subtitle the following words have the meanings indicated.

(w) “Progressive jackpot system” means a system capable of linking one or more video lottery terminals in one or more licensed facilities and offering one or more common progressive jackpots.

(X) “RACING LICENSEE” MEANS THE HOLDER OF A LICENSE ISSUED BY THE STATE RACING COMMISSION TO HOLD A RACE MEETING IN THE STATE UNDER TITLE 11 OF THE BUSINESS REGULATION ARTICLE.

[(x)] (Y) “Video lottery” means gaming or betting conducted using a video lottery terminal.

[(y)] (Z) “Video lottery destination location” means a location that is eligible for or has been awarded in the manner provided by law a video lottery operation license.

[(z)] (AA) “Video lottery employee” means an employee of a person who holds a license.

[(aa)] (BB) “Video lottery facility” means a facility at which players play video lottery terminals under this subtitle.

[(bb)] (CC) “Video lottery operation license” means a license awarded by the Video Lottery Facility Location Commission and issued by the State Lottery Commission to a person that allows players to operate video lottery terminals.

[(cc)] (DD) “Video lottery operator” means a person licensed to operate a video lottery facility under this subtitle.

[(dd)] (EE) (1) “Video lottery terminal” means any machine or other device that, on insertion of a bill, coin, token, voucher, ticket, coupon, or similar item, or on payment of any consideration:

(i) is available to play or simulate the play of any game of chance in which the results, including the options available to the player, are randomly determined by the machine or other device; and

(ii) by the element of chance, may deliver or entitle the player who operates the machine or device to receive cash, premiums, merchandise, tokens, or anything of value, whether the payout is made automatically from the device or in any other manner.

(2) “Video lottery terminal” includes a machine or device:

(i) that does not directly dispense money, tokens, or anything of value to winning players; and

(ii) described under paragraph (1) of this subsection that uses an electronic credit system making the deposit of bills, coins, or tokens unnecessary.

(3) “Video lottery terminal” does not include an authorized slot machine operated by an eligible organization under Title 12, Subtitle 3 of the Criminal Law Article.

9–1A–09.

(a) [In this section, “racing licensee” means the holder of a license issued by the State Racing Commission to hold a race meeting in the State under Title 11 of the Business Regulation Article.

(b)] As a condition of eligibility for funding under § 9–1A–29 of this subtitle, a racing licensee shall:

(1) (i) for Laurel Park and Pimlico Race Course, conduct a minimum of 220 annual live racing days combined between Laurel Park or Pimlico Race Course unless otherwise agreed to by the racing licensee and the organization that represents the majority of licensed thoroughbred owners and trainers in the State or unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee’s control;

(ii) for Rosecroft Raceway, conduct a minimum of 90 annual live racing days unless otherwise agreed to by the racing licensee and the organization that represents the majority of licensed standardbred owners and trainers in the State or unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee’s control; and

(iii) for Ocean Downs Racetrack, conduct a minimum of 40 annual live racing days unless otherwise agreed to by the racing licensee and the organization that represents the majority of licensed standardbred owners and trainers in the State or unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee’s control;

(2) if the racing licensee holds the racing license for Pimlico Race Course, retain in the State of Maryland the name, common law and statutory copyrights, service marks, trademarks, trade names, and horse racing events that are associated with the Preakness Stakes and the Woodlawn Vase;

(3) if the racing licensee holds the racing license for the Pimlico Race Course, promote and conduct the Preakness Stakes each year at:

(i) the Pimlico Race Course; or

(ii) if the Pimlico Race Course no longer exists, the Preakness Stakes Race is prevented from being conducted at the Pimlico Race Course, or the State Racing Commission, under § 11–513 of the Business Regulation Article, deems an emergency exists, another track located in the State that is approved by the State Racing Commission;

(4) if the racing licensee holds the racing license for Laurel Park, permit the event known as the Maryland Million to be run annually at Laurel Park unless:

(i) the racing licensee is prevented from doing so by weather, acts of God, or other circumstances beyond the control of the racing licensee; or

(ii) the racing licensee and the Maryland Million LLC agree to another location that is approved by the State Racing Commission;

(5) develop and submit to the State Racing Commission a multiyear plan to improve the quality and marketing of horse racing at racetrack locations owned or operated by the racing licensee in Maryland, which shall include:

(i) goals, indicators, and timelines for specific actions that will be taken by the racing licensee to improve the quality and marketing of the horse racing industry in Maryland; and

(ii) **IF THE RACING LICENSEE REQUESTS A CAPITAL GRANT**, a master plan for capital improvements that reflects, at a minimum:

1. commitments that have been made to the State Racing Commission; and

2. an ongoing investment in capital maintenance and improvements in the horse racing facilities of at least \$1,500,000 annually, which may include amounts provided as a matching fund as required under § **[9–1A–29(e)(2)] 9–1A–29(F)(2)** of this subtitle; and

(6) develop with other racing industry representatives a multiyear plan to improve the quality and marketing of the horse racing industry in Maryland, which shall include goals, indicators, and timelines for specific actions that will be taken by the thoroughbred and harness racing industries to improve the quality and marketing of the horse racing industry in Maryland, including joint marketing efforts.

[(c)] (B) As part of the capital maintenance and improvement items in the plan submitted under subsection **[(b)(5)] (A)(5)** of this section, a racing licensee shall

include any improvements necessary to ensure that the condition of any part of the racetrack facility where individuals reside is satisfactory for human habitation and meets minimum housing and sanitation standards in the county where the facility is located.

[(d)] (C) The plans required under subsection **[(b)] (A)** of this section shall also be provided to the Department of General Services and to the Legislative Policy Committee of the General Assembly.

[(e)] (D) (1) If a video lottery operation license has been issued for a racetrack location at Laurel Park, the video lottery operation license for the location shall be revoked if the name, common law and statutory copyrights, service marks, trademarks, trade names, or horse racing events that are associated with the Preakness Stakes Race or the Woodlawn Vase are transferred to a location outside the State.

(2) As an additional condition of a video lottery operation license, if a racetrack licensee holds a video lottery operation license for Laurel Park, the licensee shall be required to:

(i) promote and conduct the Preakness Stakes Race at the Pimlico Race Course each year; or

(ii) if the Pimlico Race Course no longer exists, the Preakness Stakes Race is prevented from being conducted at the Pimlico Race Course, or the State Racing Commission, under § 11-513 of the Business Regulation Article, deems an emergency exists, promote and conduct the Preakness Stakes Race each year at another track located in the State that is approved by the State Racing Commission.

(3) If a racetrack licensee has been issued a video lottery operation license for a racetrack location at Laurel Park, the licensee shall permit the event known as the Maryland Million to be run annually at Laurel Park unless:

(i) the licensee is prevented from doing so by weather, acts of God, or other circumstances beyond the control of the licensee; or

(ii) the licensee and the Maryland Million LLC agree to another location that is approved by the State Racing Commission.

(4) **(I)** ~~If a video lottery operation license is issued to~~ **A RACING LICENSEE OF** a racetrack location at Laurel Park, ~~the video lottery operation licensee~~ shall:

~~(i)~~ **1.** maintain the operation of the Bowie Training Center;
or

~~(ii) 2. if State law no longer requires the Bowie Training Center to operate as a training facility, convey the property associated with the Bowie Training Center to the State as preserved land under Program Open Space.~~

(II) 1. WHEN THE BOWIE TRAINING CENTER IS NO LONGER REQUIRED BY THE STATE TO BE OPERATED AS A THOROUGHBRED TRAINING FACILITY, THE STATE SHALL HAVE THE RIGHT OF FIRST REFUSAL AS GRANTEE FOR ANY CONVEYANCE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

2. THE CITY OF BOWIE SHALL HAVE THE SECOND RIGHT OF REFUSAL AS GRANTEE FOR ANY CONVEYANCE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

3. A GRANTEE UNDER SUBSUBPARAGRAPH 1 OR 2 OF THIS SUBPARAGRAPH MAY NOT BE REQUIRED TO OPERATE THE BOWIE TRAINING CENTER AS A TRAINING FACILITY.

9-1A-09A.

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

(2) "INTERTRACK BETTING" HAS THE MEANING STATED IN § 11-101 OF THE BUSINESS REGULATION ARTICLE.

(3) "PARI-MUTUEL BETTING" HAS THE MEANING STATED IN § 11-101 OF THE BUSINESS REGULATION ARTICLE.

(4) "PARTY" MEANS A:

(I) TRACK;

(II) GROUP THAT REPRESENTS A MAJORITY OF THE OWNERS AND TRAINERS WHO RACE HORSES AT EACH TRACK; AND

(III) GROUP THAT REPRESENTS A MAJORITY OF THE APPLICABLE BREEDERS IN THIS STATE.

(5) "SECRETARY" MEANS THE SECRETARY OF LABOR, LICENSING, AND REGULATION.

(6) "TRACK" HAS THE MEANING STATED IN § 11-101 OF THE BUSINESS REGULATION ARTICLE.

(B) THIS SECTION DOES NOT APPLY TO THE RACECOURSE AT TIMONIUM.

(C) EXCEPT AS PROVIDED IN SUBSECTIONS (D) AND (E) OF THIS SECTION, AS A CONDITION OF ELIGIBILITY FOR FUNDING UNDER §§ 9-1A-28 AND 9-1A-29 OF THIS SUBTITLE, AN AGREEMENT SHALL BE REACHED ON OR BEFORE JULY 1, 2011, BETWEEN THE PARTIES THROUGH AT LEAST DECEMBER 31, 2013, AS APPLICABLE, REGARDING THE SHARING OF REVENUES DERIVED FROM WAGERING ON SIMULCAST RACES AS SUCH ISSUES RELATE TO:

(1) THE INTERSTATE HORSERACING ACT OF 1978, 15 U.S.C. §§ 3001 THROUGH 3007;

(2) PARI-MUTUEL BETTING ON OUT-OF-STATE RACES UNDER § 11-804 OF THE BUSINESS REGULATION ARTICLE; AND

(3) INTERTRACK BETTING UNDER §§ 11-808 THROUGH 11-812 OF THE BUSINESS REGULATION ARTICLE.

(D) (1) IF AN AGREEMENT DESCRIBED IN SUBSECTION (C) IS NOT REACHED BY JULY 1, 2011, A POTENTIAL PARTY TO AN AGREEMENT SHALL BE ELIGIBLE FOR FUNDING UNDER §§ 9-1A-28 AND 9-1A-29 OF THIS SUBTITLE IF THE PARTY INDICATES TO THE SECRETARY, IN WRITING, ITS CONSENT TO PARTICIPATE IN THE PROCESS DESCRIBED IN THIS SUBSECTION.

(2) THE SECRETARY SHALL CONDUCT A MEDIATION BETWEEN THE PARTIES TO REACH A FAIR AND EQUITABLE SIMULCASTING AGREEMENT.

(3) IF, BY OCTOBER 1, 2011, THE PARTIES HAVE NOT REACHED AN AGREEMENT AFTER THE MEDIATION PROCESS CONDUCTED BY THE SECRETARY, THE PARTIES MUST CONSENT TO DE NOVO BINDING ARBITRATION BEFORE:

(I) THE AMERICAN ARBITRATION ASSOCIATION; OR

(II) AN INDEPENDENT ARBITRATOR, SELECTED BY THE SECRETARY WITH THE CONSENT OF THE PARTIES, CONDUCTED IN A MANNER CONSISTENT WITH THE AMERICAN ARBITRATION ASSOCIATION'S COMMERCIAL DISPUTE RESOLUTION RULES AND PROCEDURES.

(E) IF AN ENTITY OWNS 100% OF A TRACK THAT WOULD BE A PARTY TO AN AGREEMENT, AND AT LEAST 49% BUT NOT MORE THAN 51% OF ANOTHER TRACK THAT WOULD BE A PARTY TO AN AGREEMENT, A MEDIATION OR AN

ARBITRATION DESCRIBED IN SUBSECTION (D) OF THIS SECTION MAY NOT BE REQUIRED UNTIL:

(1) THAT ENTITY FULLY RECUSES ITSELF, TO THE SATISFACTION OF THE SECRETARY OR ARBITRATOR, AS APPROPRIATE, FROM PARTICIPATION IN THE NEGOTIATION OF AN AGREEMENT ON BEHALF OF THE TRACK IN WHICH IT HOLDS AN OWNERSHIP INTEREST OF AT LEAST 49% BUT NOT MORE THAN 51%;
OR

(2) THE ENTITY NO LONGER OWNS AT LEAST 49% BUT NOT MORE THAN 51% OF THAT TRACK.

9-1A-28.

(a) There is a Purse Dedication 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.

(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.

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

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

(c) Subject to subsections (d) and (e) of this section, the State Racing Commission shall allocate funds in the Account as follows:

(1) 80% to the thoroughbred industry; and

(2) 20% to the standardbred industry.

(d) The amount of funds allocated to thoroughbred purses and the Maryland-bred Race Fund shall be allocated as follows:

(1) 89% to thoroughbred purses at the Pimlico Race Course, Laurel Park, the racecourse in Allegany County, and the racecourse at Timonium; and

(2) 11% to the Maryland-bred Race Fund.

(e) The amount of funds allocated to standardbred purses and the Standardbred Race Fund shall be allocated as follows:

(1) 89% to standardbred purses at Rosecroft Raceway, Ocean Downs Race Course, and the racecourse in Allegany County, allocated based on the number of live racing days at each track location; and

(2) 11% to the Standardbred Race Fund.

(f) From the amount provided to thoroughbred purses, the State Racing Commission shall pay an annual grant of \$100,000 to Fair Hill, as defined under § 11-811 of the Business Regulation Article.

(G) OF THE AMOUNT PROVIDED FROM THE PURSE DEDICATION ACCOUNT UNDER SUBSECTION (E)(1) OF THIS SECTION:

(1) FOR OCEAN DOWNS RACE COURSE, UP TO \$1,200,000 ~~ANNUALLY~~ MAY BE USED TO PROVIDE OPERATING ASSISTANCE TO SUPPORT A MINIMUM OF 40 ~~ANNUAL~~ LIVE RACING DAYS FOR CALENDAR YEAR 2012 ONLY UNLESS THE RACING LICENSEE IS PREVENTED BY WEATHER, ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE RACING LICENSEE'S CONTROL; AND

(2) FOR ROSECROFT RACEWAY, UP TO \$1,200,000 ~~ANNUALLY~~ MAY BE USED TO:

~~(H) PROVIDE OPERATING ASSISTANCE TO SUPPORT A MINIMUM OF 40 ~~ANNUAL~~ LIVE RACING DAYS FOR CALENDAR YEAR 2012 ONLY UNLESS THE RACING LICENSEE IS PREVENTED BY WEATHER, ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE RACING LICENSEE'S CONTROL; AND CONTROL.~~

~~(H) FOR THE PURPOSE OF PROVIDING FUNDING TO SUPPORT THE RESUMPTION OF LIVE RACING AT ROSECROFT RACEWAY, REPAY:~~

~~1. A LOAN, NOT TO EXCEED \$1,000,000, \$3,000,000, OBTAINED BY THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION~~

~~(MEDCO), TO MAKE AN ADVANCE TO THE OWNERS OF ROSECROFT RACEWAY, PLUS REASONABLE INTEREST, FEES, AND ADMINISTRATIVE COSTS OF MEDCO RELATED TO THE LOAN; OR~~

~~2. AN ADVANCE FROM MEDCO, NOT TO EXCEED \$4,000,000 \$3,000,000 OF MEDCO'S OWN FUNDS, TO THE OWNERS OF ROSECROFT RACEWAY, PLUS REASONABLE INTEREST, FEES, AND ADMINISTRATIVE COSTS OF MEDCO RELATED TO THE ADVANCE.~~

~~(H) (1) THE COMPTROLLER SHALL ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE SECRETARY OF LABOR, LICENSING AND REGULATION ISSUE A WARRANT TO PAY OUT MONEY FROM THE ACCOUNT DIRECTLY TO MEDCO PURSUANT TO SUBSECTION (G)(2)(H) OF THIS SECTION ON A SCHEDULE AGREED TO BY MEDCO AND THE SECRETARY.~~

~~(2) PAYMENTS TO MEDCO UNDER THIS SUBSECTION SHALL BE PAID:~~

~~(I) PRIOR TO ANY PAYMENTS TO ROSECROFT RACEWAY UNDER SUBSECTION (G)(2)(I) OF THIS SECTION; AND~~

~~(H) WITHOUT REGARD TO THE NUMBER OF LIVE RACING DAYS CONDUCTED BY ROSECROFT RACEWAY.~~

~~(H) (H) (1) TO OBTAIN OPERATING ASSISTANCE OR TO OBTAIN AN ADVANCE FROM MEDCO UNDER THIS SECTION;~~

~~(I) A HOLDER OF A RACING LICENSE TO RACE AT OCEAN DOWNS RACE COURSE OR ROSECROFT RACEWAY MAY APPLY TO THE SECRETARY OF LABOR, LICENSING, AND REGULATION FOR THE REIMBURSEMENT OF EXPENDITURES MADE BY THE RACING LICENSEE TO CONDUCT THE ANNUAL LIVE RACING SCHEDULE; AND~~

~~(II) A HOLDER OF A RACING LICENSE TO RACE AT ROSECROFT RACEWAY SHALL:~~

~~1. AGREE TO REHIRE WORKERS EMPLOYED AT THE FACILITY PRIOR TO THE END OF LIVE RACING ON JUNE 27, 2008; AND~~

~~2. RECOGNIZE COLLECTIVE BARGAINING AGREEMENTS THAT WERE IN PLACE AS OF JUNE 1, 2008.~~

~~(2) SUBJECT TO PARAGRAPH (6) OF THIS SUBSECTION, THE RACING LICENSEE'S APPLICATION SHALL INCLUDE:~~

~~(I) INCLUDE A 12-MONTH BUSINESS PLAN, SUBJECT TO REVIEW BY A CERTIFIED PUBLIC ACCOUNTANT, THAT SETS FORTH THE INCOME AND EXPENSE RELATED ITEMS THAT ARE NECESSARY TO CONDUCT A LIVE-RACING SCHEDULE OF AT LEAST THE NUMBER OF LIVE RACING DAYS THAT WAS STATED IN THE APPLICATION; AND~~

~~(H) BE SUBJECT TO REVIEW BY A CERTIFIED PUBLIC ACCOUNTANT A 5-YEAR BUSINESS PLAN THAT DESCRIBES THE CHALLENGES IMPACTING THE ECONOMICS OF OPERATING THE RACING FACILITY AND STRATEGIES FOR ADDRESSING THOSE CHALLENGES.~~

~~(3)~~ (2) (I) ON THE COMPLETION OF THE REVIEW OF THE APPLICATION BY A CERTIFIED PUBLIC ACCOUNTANT, THE SECRETARY MAY AUTHORIZE THE REIMBURSEMENT OF EXPENDITURES BY THE RACING LICENSEE THAT ARE NECESSARY TO CONDUCT THE ANNUAL LIVE RACING SCHEDULE.

(II) EXPENDITURES ELIGIBLE FOR REIMBURSEMENT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE THE ORDINARY AND REASONABLE COSTS OF CONDUCTING THE RACE MEETINGS, PARI-MUTUEL WAGERING, AND STABLING ACTIVITIES OF THE RACING LICENSEE, NET OF ORDINARY INCOME AND RECEIPTS.

(III) THE REIMBURSEMENT CALCULATION UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY NOT INCLUDE:

1. EXTRAORDINARY INCOME AND EXPENSE-RELATED ITEMS, INCLUDING EXTRAORDINARY LITIGATION EXPENSES;

2. LOBBYING FEES;

3. CAPITAL INVESTMENTS, INCLUDING PREDEVELOPMENT COSTS; OR

4. PRIOR YEAR ADJUSTMENTS AND CLAIMS.

~~(4)~~ (3) ALL COSTS ASSOCIATED WITH THE RACING LICENSEE'S APPLICATION SHALL BE PAID BY THE RACING LICENSEE.

~~(5) TO QUALIFY FOR AN ADVANCE FROM MEDCO UNDER THIS SECTION, ROSECROFT RACEWAY:~~

~~(I) SHALL AGREE TO HIRE BACK WORKERS EMPLOYED AT THE FACILITY PRIOR TO THE END OF LIVE RACING ON JUNE 27, 2008;~~

~~(II) SHALL RECOGNIZE COLLECTIVE BARGAINING AGREEMENTS THAT WERE IN PLACE AS OF JUNE 1, 2008;~~

~~(III) SHALL REINVEST ALL FORMS OF REVENUE EARNED BY THE TRACK INTO OPERATING AND CAPITAL EXPENDITURES FOR THE BENEFIT OF ROSECROFT RACEWAY; AND~~

~~(IV) MAY NOT PAY ANY DIVIDENDS OR SIMILAR TYPES OF PAYMENTS TO THE OWNERS OF ROSECROFT RACEWAY WHILE ANY AMOUNTS DUE TO MEDCO UNDER THIS SECTION REMAIN UNPAID.~~

~~(6)~~ (4) IN SUPPORT OF THE RACING LICENSEE'S APPLICATION AND REQUEST FOR REIMBURSEMENT SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE RACING LICENSEE SHALL PROVIDE TO THE SECRETARY:

(I) MONTHLY FINANCIAL INFORMATION REQUESTED BY THE SECRETARY, IN A FORM SATISFACTORY TO THE SECRETARY; AND

(II) AN ANNUAL AUDITED FINANCIAL STATEMENT.

~~(7)~~ (5) A RACING LICENSEE MAY NOT RECEIVE ASSISTANCE ~~OR AN ADVANCE FROM MEDCO~~ UNDER THIS SECTION WHILE THE RACING LICENSEE IS A PARTY TO A PROCEEDING CHALLENGING THE ISSUANCE OR DENIAL OF A VIDEO LOTTERY OPERATION LICENSE.

[(g)] ~~(j)~~ (I) The provisions of this section may not be construed to apply to the racecourse in Allegany County until horse racing begins at that racecourse.

[(h)] ~~(k)~~ (J) On or before December 1, 2014, the State Racing Commission shall:

(1) conduct a study to determine the impact of the Purse Dedication Account on the racing industry in the State; and

(2) make recommendations to the General Assembly regarding the continuation of the Purse Dedication Account and the amount of money distributed to the Purse Dedication Account.

9-1A-29.

(a) 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.

(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.

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

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

(c) Funds from the Account shall be used to provide a grant to the holder of a license to hold a race meeting in the State ~~for~~:

(1) **FOR** racetrack facility capital construction and improvements;
AND

(2) **FOR LAUREL PARK AND PIMLICO RACE COURSE, UP TO \$6,000,000 PER YEAR FOR OPERATING ASSISTANCE TO SUPPORT A MINIMUM OF 146 ANNUAL LIVE RACING DAYS IN CALENDAR YEARS ~~2012, 2013, AND 2014~~ 2012 AND 2013, UNLESS THE RACING LICENSEE IS PREVENTED BY WEATHER, ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE RACING LICENSEE'S CONTROL.**

(d) [The] **EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, THE** amount of funds made available from the Racetrack Facility Renewal Account shall be allocated as follows:

(1) 80% to the Pimlico Race Course, Laurel Park, and the racecourse at Timonium; and

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

(E) FOR FISCAL YEAR 2012, THE AMOUNT OF FUNDS MADE AVAILABLE FROM THE RACETRACK FACILITY RENEWAL ACCOUNT SHALL BE ALLOCATED AS FOLLOWS:

(1) 80% TO THE PIMLICO RACE COURSE, LAUREL PARK, AND THE RACECOURSE AT TIMONIUM:

(I) MINUS 20% OF THE AMOUNT CREDITED TO THE ACCOUNT IN FISCAL YEAR 2011; AND

(II) MINUS THE AMOUNT NECESSARY TO REPAY FUNDS TO THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION IN ACCORDANCE WITH SECTION 16 OF CHAPTER __ (S.B. 87/H.B. 72) OF THE ACTS OF THE GENERAL ASSEMBLY OF THE SESSION OF 2011 (THE BUDGET RECONCILIATION AND FINANCING ACT OF 2011); AND

(2) 20% TO ROSECROFT RACEWAY AND OCEAN DOWNS RACE COURSE, PLUS 20% OF THE AMOUNT CREDITED TO THE ACCOUNT IN FISCAL YEAR 2011.

[(e)] (F) In order to obtain a CAPITAL grant, a holder of a license to hold a race meeting in the State shall:

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

(2) except as provided in subsection **[(f)] (G)** of this section, provide and expend a matching fund.

[(f)] (G) (1) Of the amount provided from the Racetrack Facility Renewal Account under subsection (d)(1) of this section, **[\$1,000,000 shall be provided annually for 5 years to the racecourse at Timonium] THE RACECOURSE AT TIMONIUM SHALL BE PROVIDED THE FOLLOWING AMOUNTS** for racetrack facility capital construction and improvements:

(I) FOR FISCAL YEAR 2012, \$1,125,000;

(II) FOR FISCAL YEAR 2013, \$1,250,000;

(III) FOR FISCAL YEAR 2014, \$1,125,000;

(IV) FOR FISCAL YEAR 2015, \$1,000,000; AND

(V) FOR FISCAL YEAR 2016, \$1,000,000.

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

(3) (I) FROM THE AMOUNTS PROVIDED IN PARAGRAPH (1) OF THIS SUBSECTION, THE HOLDER OF A RACING LICENSE TO RACE AT THE RACECOURSE AT TIMONIUM MAY USE UP TO \$350,000 PER YEAR TO SUPPORT A MINIMUM OF 7 LIVE RACING DAYS.

(II) USE OF FUNDS AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MUST BE APPROVED BY THE SECRETARY OF LABOR, LICENSING, AND REGULATION UNDER TERMS AND A PROCESS CONSISTENT WITH THE PROVISIONS OF SUBSECTION (J) OF THIS SECTION.

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

[(h)] (I) After a CAPITAL grant has been provided under this section, the State Racing Commission shall:

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

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

(J) (1) TO OBTAIN OPERATING ASSISTANCE UNDER SUBSECTION (C)(2) OF THIS SECTION, A HOLDER OF A RACING LICENSE TO RACE AT PIMLICO RACE COURSE OR LAUREL PARK MAY APPLY TO THE SECRETARY OF LABOR, LICENSING, AND REGULATION FOR THE REIMBURSEMENT OF EXPENDITURES MADE BY THE RACING LICENSEE TO CONDUCT THE ANNUAL LIVE RACING SCHEDULE.

(2) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, THE RACING LICENSEE'S APPLICATION SHALL INCLUDE:

(I) ~~INCLUDE~~ A 12-MONTH BUSINESS PLAN, SUBJECT TO REVIEW BY A CERTIFIED PUBLIC ACCOUNTANT, THAT SETS FORTH THE INCOME- AND EXPENSE-RELATED ITEMS THAT ARE NECESSARY TO CONDUCT A

LIVE RACING SCHEDULE OF AT LEAST THE NUMBER OF LIVE RACING DAYS THAT WAS STATED IN THE APPLICATION; AND

(II) ~~BE SUBJECT TO REVIEW BY A CERTIFIED PUBLIC ACCOUNTANT~~ A 5-YEAR BUSINESS PLAN THAT DESCRIBES THE CHALLENGES IMPACTING THE ECONOMICS OF OPERATING THE RACING FACILITIES AND STRATEGIES FOR ADDRESSING THOSE CHALLENGES.

(3) (I) ON THE COMPLETION OF THE REVIEW OF THE APPLICATION BY A CERTIFIED PUBLIC ACCOUNTANT, THE SECRETARY MAY AUTHORIZE THE REIMBURSEMENT OF EXPENDITURES BY THE RACING LICENSEE THAT ARE NECESSARY TO CONDUCT THE ANNUAL LIVE RACING SCHEDULE.

(II) EXPENDITURES ELIGIBLE FOR REIMBURSEMENT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE THE ORDINARY AND REASONABLE COSTS OF CONDUCTING THE RACE MEETINGS, PARI-MUTUEL WAGERING, AND STABLING ACTIVITIES OF THE RACING LICENSEE, NET OF ORDINARY INCOME AND RECEIPTS.

(III) THE REIMBURSEMENT CALCULATION UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY NOT INCLUDE:

1. EXTRAORDINARY INCOME AND EXPENSE-RELATED ITEMS, INCLUDING EXTRAORDINARY LITIGATION COSTS;

2. LOBBYING FEES;

3. CAPITAL INVESTMENTS, INCLUDING PREDEVELOPMENT COSTS; OR

4. PRIOR YEAR ADJUSTMENTS AND CLAIMS.

(4) ALL COSTS ASSOCIATED WITH THE RACING LICENSEE'S APPLICATION SHALL BE PAID BY THE RACING LICENSEE.

(5) IN SUPPORT OF THE RACING LICENSEE'S APPLICATION AND REQUEST FOR REIMBURSEMENT SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE RACING LICENSEE SHALL PROVIDE TO THE SECRETARY:

(I) MONTHLY FINANCIAL INFORMATION REQUESTED BY THE SECRETARY, IN A FORM SATISFACTORY TO THE SECRETARY; AND

(II) AN ANNUAL AUDITED FINANCIAL STATEMENT.

(6) A RACING LICENSEE MAY NOT RECEIVE ASSISTANCE UNDER THIS SECTION WHILE THE RACING LICENSEE IS A PARTY TO A PROCEEDING CHALLENGING THE ISSUANCE OR DENIAL OF A VIDEO LOTTERY OPERATION LICENSE.

[(i)] (K) Any unencumbered funds remaining in the Racetrack Facility Renewal Account on July 1, 2018, shall be paid to the Education Trust Fund established under § 9-1A-30 of this subtitle.

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

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

~~Article – Business Regulation~~

~~SUBTITLE 14. OVERSIGHT COMMISSION ON RACING; RACING FUNDING
REPORTS.~~

~~11-1401.~~

~~(A) THERE IS AN OVERSIGHT COMMISSION ON RACING.~~

~~(B) THE OVERSIGHT COMMISSION CONSISTS OF THE FOLLOWING NINE MEMBERS:~~

~~(1) THREE MEMBERS OF THE SENATE, APPOINTED BY THE PRESIDENT OF THE SENATE;~~

~~(2) THREE MEMBERS OF THE HOUSE OF DELEGATES, APPOINTED BY THE SPEAKER OF THE HOUSE OF DELEGATES; AND~~

~~(3) THREE MEMBERS APPOINTED BY THE GOVERNOR.~~

~~(C) THE GOVERNOR SHALL APPOINT THE CHAIR OF THE OVERSIGHT COMMISSION.~~

~~(D) THE OVERSIGHT COMMISSION SHALL:~~

~~(1) REVIEW THE REPORTS SUBMITTED BY THE SECRETARY UNDER § 11-1402 OF THIS SUBTITLE;~~

~~(2) OVERSEE THE DEVELOPMENT OF A LONG TERM, SUSTAINABLE PLAN FOR RACING IN MARYLAND THAT TAKES INTO ACCOUNT THE INTERESTS OF ALL STANDARD BRED AND THOROUGHBRED RACING STAKEHOLDERS;~~

~~(3) MONITOR THE PROGRESS OF THE IMPLEMENTATION OF A LONG TERM, SUSTAINABLE PLAN FOR RACING BY ALL STANDARD BRED AND THOROUGHBRED RACING STAKEHOLDERS; AND~~

~~(4) GENERALLY OVERSEE THE PROCESS FOR PROVIDING OPERATING ASSISTANCE TO RACING LICENSEES UNDER §§ 9-1A-28 AND 9-1A-29 OF THE STATE GOVERNMENT ARTICLE, AND THE IMPACT OF PROVIDING THE OPERATING ASSISTANCE.~~

~~(E) THE DEPARTMENT SHALL PROVIDE STAFFING FOR THE OVERSIGHT COMMISSION.~~

~~(F) THE OVERSIGHT COMMISSION SHALL REPORT ON ANY FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY AS THE OVERSIGHT COMMISSION CONSIDERS APPROPRIATE.~~

~~11-1402.~~

~~ON OR BEFORE DECEMBER 15, 2011, AND ON OR BEFORE DECEMBER 15 OF EACH YEAR THEREAFTER, THE SECRETARY SHALL SUBMIT TO THE GOVERNOR, THE OVERSIGHT COMMISSION ON RACING, AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY, A REPORT FOR THE PREVIOUS 12 MONTHS THAT SUMMARIZES:~~

~~(1) THE AMOUNT OF OPERATING ASSISTANCE PROVIDED AND THE INCOME AND EXPENSES USED TO CALCULATE ANY OPERATING ASSISTANCE FROM THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION, THE PURSE DEDICATION ACCOUNT, OR THE RACETRACK FACILITY RENEWAL ACCOUNT IN THE PREVIOUS CALENDAR YEAR;~~

~~(2) ANY MARKETING AND QUALITY IMPROVEMENT PLANS SUBMITTED BY A RACING LICENSEE AS REQUIRED BY § 9-1A-09(B)(5) AND (6) OF THE STATE GOVERNMENT ARTICLE;~~

~~(3) THE 5 YEAR BUSINESS PLAN SUBMITTED BY A LICENSEE AS REQUIRED BY § 9-1A-29(J)(2)(i) OF THE STATE GOVERNMENT ARTICLE;~~

~~(4) PROGRESS OF THE STANDARD BRED AND THOROUGHBRED RACING STAKEHOLDERS IN DEVELOPING A LONG TERM, SUSTAINABLE PLAN FOR RACING IN MARYLAND; AND~~

~~(5) THE STATUS OF ANY LOAN OR ADVANCE FROM THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION TO ROSECROFT RACEWAY UNDER § 9-1A-28(C)(2) OF THE STATE GOVERNMENT ARTICLE.~~

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – State Government

9-1A-29.

(f) (1) Of the amount provided from the Racetrack Facility Renewal Account under subsection (d)(1) of this section, [\$1,000,000 shall be provided annually for 5 years to the racecourse at Timonium] THE RACECOURSE AT TIMONIUM SHALL BE PROVIDED THE FOLLOWING AMOUNTS for racetrack facility capital construction and improvements:

(I) FOR FISCAL YEAR 2012, \$1,125,000;

(II) FOR FISCAL YEAR 2013, \$1,250,000;

(III) FOR FISCAL YEAR 2014, \$1,125,000;

(IV) FOR FISCAL YEAR 2015, \$1,000,000; AND

(V) FOR FISCAL YEAR 2016, \$1,000,000.

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

(3) (I) FROM THE AMOUNTS PROVIDED IN PARAGRAPH (1) OF THIS SUBSECTION, THE HOLDER OF A RACING LICENSE TO RACE AT THE RACECOURSE AT TIMONIUM MAY USE UP TO \$350,000 PER YEAR TO SUPPORT A MINIMUM OF 7 LIVE RACING DAYS.

(II) USE OF FUNDS AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MUST BE APPROVED BY THE SECRETARY OF LABOR, LICENSING, AND REGULATION UNDER TERMS AND A PROCESS CONSISTENT WITH THE PROVISIONS OF SUBSECTION (J) OF THIS SECTION.

SECTION 3. AND BE IT FURTHER ENACTED, That:

- (a) There is a Thoroughbred Racing Sustainability Task Force.
- (b) The Task Force consists of the following three members appointed by the Governor:
- (1) one representative of the Maryland Jockey Club;
 - (2) one member that represents the horsemen who race horses at a thoroughbred track in Maryland; and
 - (3) one member that represents the applicable breeders in Maryland.
- (c) The Governor shall appoint a member of the Administration, who as a nonvoting member, shall chair the Task Force and facilitate the activities of the Task Force.
- (d) The Task Force shall develop a plan by December 1, 2011, that includes:
- (1) a plan for the long-term viability of thoroughbred racing in Maryland that does not include locating video lottery terminals at a thoroughbred race track;
 - (2) a minimum of 146 live racing days in a calendar year; and
 - (3) a strategy for implementing the plan that includes specific benchmarks and timelines.
- (e) The Task Force shall submit the plan to the Governor and, in accordance with § 2-1246 of the State Government Article, the Legislative Policy Committee, for its review.
- (f) The Legislative Policy Committee may provide comments on the plan to the Governor.
- (g) The Comptroller may not pay out the assistance provided under § 9-1A-29(c)(2) of the State Government Article for the 2013 racing season until the Governor approves the plan.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect on the taking effect of the termination provision specified in Section 5 of this Act.

SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2011. Sections 1 and 3 of this Act shall remain effective for a period of 2

years and 6 months and, at the end of December 31, 2013, with no further action required by the General Assembly, Sections 1 and 3 of this Act shall be abrogated and of no further force and effect.

Approved by the Governor, May 19, 2011.