

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 391 (Senator Gallion)
Budget and Taxation

Horse Racing - Purse Dedication Account - Annual Grant to Fair Hill

This bill increases, from \$100,000 to \$1.3 million, the annual distribution to Fair Hill from the Purse Dedication Account (PDA). **The bill takes effect July 1, 2021.**

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 redirects \$1.2 million of PDA revenues to Fair Hill beginning in FY 2022.

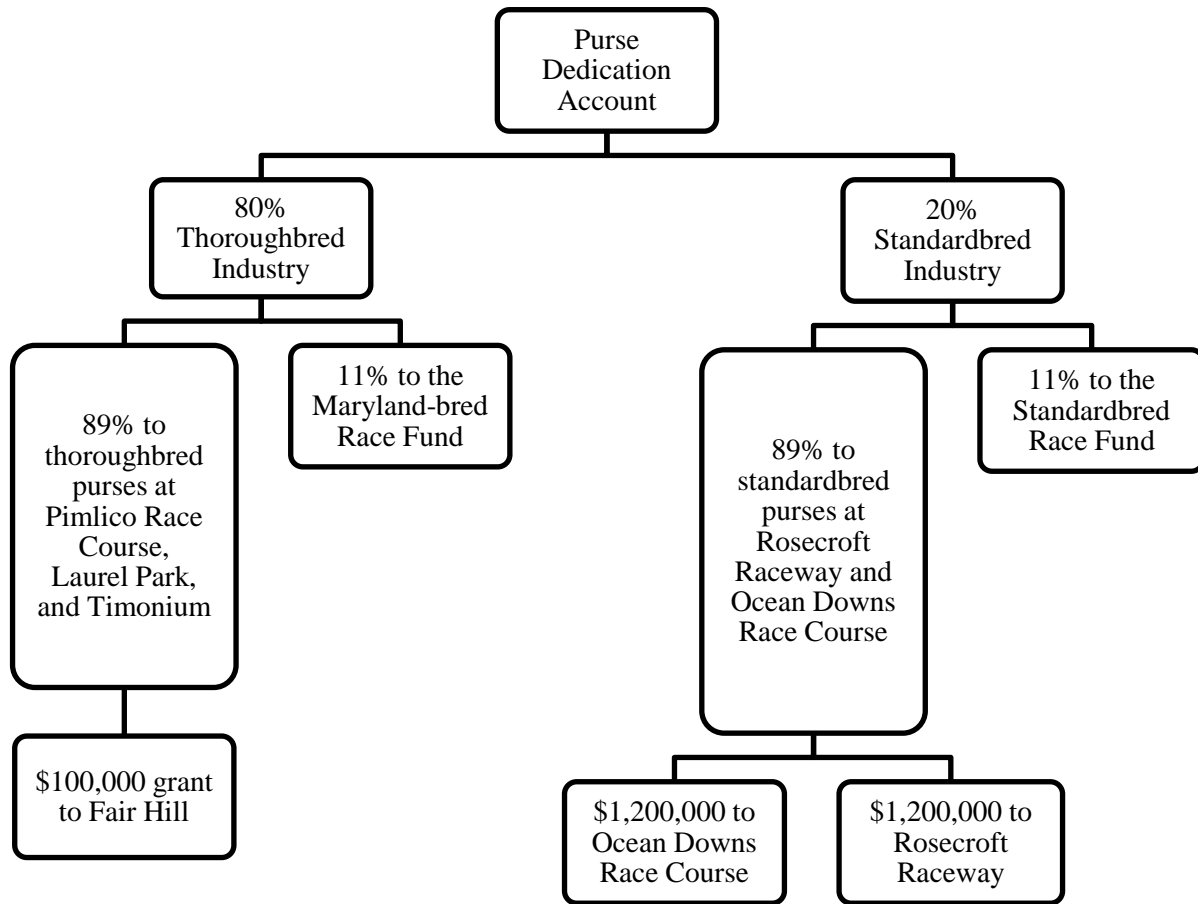
Local Effect: None.

Small Business Effect: Minimal.

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 State Racing Commission. PDA is projected to receive \$64.4 million in fiscal 2021 and \$68.6 million in fiscal 2022. **Exhibit 1** shows how funds in PDA are distributed, including the \$100,000 annual grant to Fair Hill. The State 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 increases the annual grant for Fair Hill from \$100,000 to \$1.3 million. As a result, the annual grant to Fair Hill increases by \$1.2 million annually beginning in fiscal 2022, and PDA funds available for purses at thoroughbred tracks decrease by the same amount.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 7, 2021
rh/jrb

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