
Historical Overview of Horse Racing in Maryland

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December 15, 2006

The Honorable Thomas V. Mike Miller, Jr., President of the Senate
The Honorable Michael E. Busch, Speaker of the House of Delegates
The Honorable Thomas M. Middleton, Chairman, Senate Finance Committee
The Honorable Sheila E. Hixson, Chairman, House Committee on Ways and Means

Lady and Gentlemen:

Each year the Maryland General Assembly considers various legislative proposals which impact upon horse racing in Maryland, and these proposals have garnered additional attention in recent years with the debate over the proposed legalization of video lottery terminal gambling. This report was prepared to help facilitate a better historical understanding of horse racing in the State of Maryland.

This report covers all legislative changes enacted through the 2006 legislative session, providing an overview of horse racing numbers through the years, the current tax and takeout structure, and a yearly summary of key legislative initiatives and major changes. There is also a glossary of horse racing terminology at the end of the report.

This report was prepared by Michael Sanelli under the general review of J. Ryan Bishop, with Cathy Kramer providing administrative assistance. The Department of Legislative Services trusts this report will be of assistance to you.

Sincerely,

Karl S. Aro
Executive Director

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Historical Overview of Horse Racing in Maryland

Introduction

Horse racing in Maryland has a long and storied history dating back to the formation of the Maryland Jockey Club in 1743. Pimlico Race Course in Baltimore is the second oldest horse racing track in the United States and home to the second “jewel” of racing’s Triple Crown – the Preakness Stakes. However, Maryland horse racing has seen a great number of changes over the years in terms of tracks, betting practices, and patronage. Horse racing currently competes with a multitude of other activities for wagering and entertainment dollars. This has been increasingly true in recent years with the introduction and/or authorization of video lottery terminal (VLT) gambling in several nearby states, including Delaware, West Virginia, New York, and Pennsylvania. The introduction of VLT gambling in Delaware and West Virginia, with a dedicated portion of the proceeds going to the horse racing industry, has bolstered racing in those states through significant increases in purse and bred fund amounts. This has led to increased pressure on the Maryland racing industry to find ways to stay competitive.

The challenges facing the State’s racing industry have led to the biggest change sought by the industry in recent years – authorizing VLTs at racetracks and dedicating a portion of the proceeds to the racing industry. While legislation to legalize expanded gambling had been introduced each year since the early 1990s, the issue gained far greater attention with Governor Robert L. Ehrlich, Jr’s introduction of VLT gambling legislation in 2003. The Ehrlich Administration offered VLT legislation in each year of the 2003-2006 legislative term, and a variety of other legislative initiatives that would have authorized and/or restricted VLT gambling at Maryland’s horse racing tracks and additional locations were also introduced during the term, but all of these legislative proposals ultimately failed.

Types of Racing in Maryland

Several types of racing are currently allowed in the State: mile thoroughbred racing, harness racing, special thoroughbred racing, steeplechase or hurdle racing, and quarter horse racing. Mile thoroughbred racing – in which thoroughbred horses race at a track at least one mile long – is conducted at Laurel Park in Anne Arundel County and Pimlico Race Course in Baltimore City (both owned by the Magna Entertainment Corporation and the Maryland Jockey Club). The Allegany Racing Association was issued a mile thoroughbred track license in 2001 for a track in Allegany County, but a track has yet to be built. Harness racing – in which standardbred horses trot or pace in a harness while pulling drivers – is conducted at Rosecroft Raceway (owned by Cloverleaf Enterprises) in Prince George’s County and Ocean Downs Raceway (owned by the Allegany Racing Association) in Worcester County.

Special thoroughbred racing takes place during the Maryland State Fair in Timonium or as a part of other fairs or special events. Steeplechase racing (where horses jump over wooden barriers) and hurdle racing (where horses jump over hedges) are held at a one-day race meeting at Fair Hill in Cecil County. Quarter horse racing is also authorized but not currently conducted at Fair Hill.

Exhibit 1.1 shows some of the changes in thoroughbred and standardbred racing over the past 60 years, including the number of tracks, number of live racing days, amounts wagered, and wagering tax rates.

Exhibit 1.1
Maryland Mile Thoroughbred Tracks and Harness Tracks: Tracks, Live Racing Days, Wagers, and Wagering Tax Rates

<u>Year</u>	<u>Number of Tracks</u>		<u>Total Live Racing Days</u>		<u>Amount Wagered (\$ in Millions)</u>		<u>Tax on Amount Wagered</u>	
	<u>Mile</u>	<u>Harness</u>	<u>Mile</u>	<u>Harness</u>	<u>Mile</u>	<u>Harness</u>	<u>Mile</u>	<u>Harness</u>
1945	4	--	100	--	\$104	--	2.00%	--
1955	3	4	100	80	104	\$21	4.00%	2.00% – 5.00%
1965	3	3	156	96	166	22	5.00%	3.50% – 7.00%
1975	3	3	264	180	269	52	5.34%	3.50% – 7.00%
1985	2	3	296	345	310	152	0.50%	0.00% – 0.50%
1995	2	2	311	282	475	105	0.50%	0.50%
2000	2	2	220	187	345	152	0.32%	0.32%
2001	2	2	229	173	337	159	0.32%	0.32%
2002	2	2	226	177	331	156	0.32%	0.32%
2003	2	2	209	162	309	146	0.32%	0.32%
2004	2	2	197	156	294	131	0.32%	0.32%
2005	2	2	203	137	299	141	0.32%	0.32%

Source: Maryland Racing Commission; Department of Legislative Services

Betting on Live and Simulcast Racing (Handle)

The handle is the total amount of money bet on races at a track, either in terms of a single day or the total meet. In recent years, simulcast wagering has been an increasingly important aspect of the “average daily handle” at Maryland race tracks.

Betting Locations

While the number of tracks has decreased over the years, the overall number of betting locations has increased through the creation of off-track betting (OTB) facilities. There are currently three OTB facilities in the State: the Cracked Claw in Frederick County, NorthEast/Poor Jimmy’s in Cecil County, and the Cambridge Turf Club in Dorchester County. In 2005, approximately \$65.7 million was wagered at OTB facilities, a 2.5% decline from 2004.

Simulcast Wagering and Revenue Sharing Agreements

In 1988, the General Assembly permitted intertrack wagering between thoroughbred tracks that allowed betting to occur at a racetrack while no live racing was being held. In 1993, the General Assembly expanded this authority to authorize full satellite simulcasting in the State, allowing individuals to bet on races simulcast from locations around the country to any of the State tracks and OTBs. Additionally, Maryland thoroughbred and harness races are sent by satellite signal to betting locations across the country.

Since the advent of simulcast wagering in the State, the owners and operators of the State’s thoroughbred and harness racing tracks have operated under some type of revenue sharing agreement whereby the amount of money wagered via simulcasting at the various tracks was pooled and then divided among the tracks. Under a revenue sharing agreement that expired in April 2004, from the total revenues realized by the Maryland Jockey Club and Rosecroft Raceway from simulcasting at all the tracks, the Jockey Club received 80% and Rosecroft received 20% of the revenues. Under the agreement, the Jockey Club was also allowed to receive simulcast signals after 6:15 p.m. and allowed Rosecroft to receive its simulcast signals during the day.

After that agreement expired, Rosecroft began paying the Maryland Jockey Club 12% of its revenue received from wagers on thoroughbred signals received at Rosecroft, and the Jockey Club paid Rosecroft 12% of its revenue received from wagers on harness signals received at Laurel and Pimlico.

Effective April 2006, a new 15-year revenue sharing agreement went into effect. Under this agreement, generally (1) the Maryland Jockey Club and Cloverleaf Enterprises (Rosecroft) agree and grant to the other the required authorizations to conduct cross-breed thoroughbred and standardbred simulcast wagering on both Maryland and out-of-state races during the day and evening hours at Laurel, Pimlico, and Rosecroft; (2) Rosecroft agrees to pay the Maryland

Jockey Club \$5.9 million annually for the right to accept wagers at Rosecroft on all live races conducted at Pimlico and Laurel and all out-of-state thoroughbred races, provided that Rosecroft continues to receive signals from and accept wagers on substantially all races from the thoroughbred tracks it accepted wagers from in 2005; and (3) each facility will contract for the simulcasting of out-of-state races directly with the sending track and that Maryland racing will be the featured component of each simulcast program. The agreement also provides for the distribution of any future State aid and wagering revenue received from OTBs. The Allegany Racing Association has a separate revenue sharing agreement in effect with the Maryland Jockey Club for Ocean Downs Raceway.

Satellite simulcasting now accounts for a significant majority of all horse racing wagering that occurs in the State. As shown in **Exhibit 1.2**, betting on out-of-state races accounted for 81% of all betting in 2005 (up from 68% in 1999) at thoroughbred racetracks in the State. Similarly, betting on out-of-state races accounted for 89% of total betting that occurred at harness tracks in 2005 (up from 77% in 1999), as shown in **Exhibit 1.3**.

Purses

Exhibits 1.2 and 1.3 also show total annual purses for the thoroughbred and harness industries since 1999. While overall thoroughbred purse amounts stayed relatively constant year to year from 1999 to 2002, in part due to purse monies provided by the State, overall thoroughbred purses declined in both 2003 and 2004. A slight increase in wagering and State funds provided for the Pimlico Special race led to higher overall purses in 2005.

Also aided by State purse monies, harness purses declined only slightly between 1999 and 2000, but declined by 36% in 2001. After small increases in 2002 and 2003, purses again declined in 2004 and 2005. Total harness purses in 2005 were 56% lower than in 1999.

Exhibit 1.2
Thoroughbred Racing In Maryland

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Laurel Racetrack							
Attendance	585,907	1,241,130	500,925	918,725	825,530	651,644	769,814
Live Racing Days	167	162	112	144	138	62	134
Purses	\$30,826,439	\$31,655,895	\$21,752,971	\$31,761,761	\$23,811,771	\$9,286,091	\$23,392,376
Betting on Races at Laurel							
Live Racing @ Laurel	\$51,987,253	\$42,626,631	\$26,486,837	\$28,892,681	\$25,118,717	\$10,938,015	\$23,627,369
MD Races Simulcast	15,136,383	12,337,215	14,385,927	10,689,612	8,420,028	13,842,841	7,402,127
Out-of-state Simulcast	144,733,700	145,985,370	149,335,635	152,899,052	143,542,225	135,939,778	144,432,586
Total Betting @ Laurel	\$211,857,336	\$200,949,216	\$190,208,399	\$192,481,345	\$177,080,970	\$160,720,634	\$175,462,082
Pimlico							
Attendance	516,532	488,528	573,484	674,188	749,230	792,342	470,514
Live Racing Days	58	58	109	74	71	135	61
Purses	\$13,649,006	\$13,701,055	\$24,520,844	\$15,238,698	\$15,701,370	\$22,705,429	\$11,293,851
Betting on Races at Pimlico							
Live Racing @ Pimlico	\$23,315,615	\$21,641,401	\$27,423,675	\$20,042,369	\$16,878,035	\$25,838,130	\$15,686,999
MD Races Simulcast	22,741,209	17,622,230	10,581,946	11,141,240	9,565,405	4,557,944	8,234,603
Out-of-state Simulcast	95,351,030	100,925,142	106,372,850	104,339,830	102,250,300	99,701,935	96,488,167
Total Betting @ Pimlico	\$141,407,854	\$140,188,773	\$144,378,471	\$135,523,439	\$128,693,740	\$130,098,009	\$120,409,769
Timonium							
Attendance	42,785	34,607	48,600	34,968	n/a	n/a	27,548
Live Racing Days	10	10	8	8	8	8	8
Purses	\$1,544,765	\$1,339,248	\$1,122,385	\$914,170	\$906,820	\$955,675	\$935,975
Betting on Races at Timonium							
Live Racing @ Timonium	\$2,570,250	\$2,204,179	\$1,892,326	\$1,789,673	\$1,884,451	\$1,807,906	\$1,666,393
MD Races Simulcast	-	-	-	-	-	-	-
Out-of-state Simulcast	1,349,786	1,313,658	962,524	891,867	1,066,316	1,028,237	1,033,381
Total Betting @ Timonium	\$3,920,036	\$3,517,837	\$2,854,850	\$2,681,540	\$2,950,767	\$2,836,143	\$2,699,774
Total Thoroughbred Purses	\$46,020,210	\$46,696,198	\$46,396,200	\$47,914,629	\$40,419,961	\$32,947,195	\$35,622,202
Total Betting at Thoroughbred Tracks in MD	\$357,185,226	\$344,655,826	\$337,441,720	\$330,686,324	\$308,725,477	\$293,654,786	\$298,571,625
Percentage of Betting on Out-of-state	68%	72%	76%	78%	80%	81%	81%

**Exhibit 1.3
Harness Racing in Maryland**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Rosecroft							
Attendance	360,458	675,559	667,853	652,852	579,255	489,536	484,701
Live Racing Days	147	147	133	137	122	117	97
Purses	\$10,583,404	\$9,343,565	\$5,684,719	\$6,063,000	\$6,472,340	\$4,874,030	\$4,184,330
Betting on Races at Rosecroft							
Live Racing @ Rosecroft	\$15,519,474	\$14,335,526	\$11,622,302	\$9,347,168	\$8,222,275	\$6,266,855	\$4,767,933
MD Races Simulcast	14,908,549	13,040,719	11,751,734	10,522,979	8,908,287	6,192,856	7,479,401
Out-of-state Simulcast	95,373,178	106,009,727	110,440,950	111,761,597	104,727,836	97,078,458	107,588,715
Total Betting @ Rosecroft	\$125,801,201	\$133,385,972	\$133,814,986	\$131,631,744	\$121,858,398	\$109,538,169	\$119,836,049
Ocean Downs							
Attendance	74,165	120,387	130,757	135,868	142,830	141,229	140,264
Live Racing Days	40	40	40	40	40	39	40
Purses	\$1,037,530	\$937,810	\$868,670	\$839,570	\$663,630	\$923,680	\$974,810
Betting on Races at Ocean Downs							
Live Racing @ Ocean Downs	\$2,305,789	\$2,276,047	\$2,073,150	\$2,152,267	\$2,056,640	\$2,057,361	\$2,056,739
MD Races Simulcast	857,827	2,120,704	2,375,522	2,279,582	1,821,482	1,552,797	1,479,526
Out-of-state Simulcast	15,960,449	13,783,449	20,889,706	19,827,978	20,683,776	17,962,924	17,416,963
Total Betting @ Ocean Downs	\$19,124,065	\$18,180,200	\$25,338,378	\$24,259,827	\$24,561,898	\$21,573,082	\$20,953,228
Total Harness Purses	\$11,620,934	\$10,281,375	\$6,553,389	\$6,902,570	\$7,135,970	\$5,797,710	\$5,159,140
Total Betting at Harness Tracks in MD	\$144,925,266	\$151,566,172	\$159,153,364	\$155,891,571	\$146,420,296	\$131,111,251	\$140,789,277
Percentage of Betting on Out-of-state	77%	79%	83%	84%	86%	88%	89%

Source: Maryland Racing Commission

Exhibit 1.4 shows the number of live racing days and simulcast only days and the associated betting at Maryland’s thoroughbred tracks in 2005. As shown, the average daily handle for Laurel and Pimlico for 2005 was \$868,600 and \$1.34 million, respectively, which includes all betting on live racing and simulcast betting on all days, including in-state and out-of-state betting. However, the average daily handle drops to \$176,300 and \$257,200, respectively, for betting on live racing conducted at the tracks on live racing days. The average daily handle at Timonium was approximately \$270,000 in 2005.

Exhibit 1.4
Average Daily Handle at Maryland
Thoroughbred Tracks
2005

	<u>Laurel</u>	<u>Pimlico</u>	<u>Timonium</u>
Live Racing Days	134	61	8
Simulcast Only Days	68	29	2
Betting on Live Racing	\$23,627,396	\$15,686,999	\$1,666,393
MD Races Simulcast	7,402,127	8,234,603	-
Out-of-state Simulcast	144,432,586	96,488,167	1,033,381
Total Betting	\$175,462,109	\$120,409,769	\$2,699,774
Average Daily Handle on Live Racing	\$176,324	\$257,164	\$208,299
Average Daily Handle – Total	\$868,624	\$1,337,886	\$269,977

Source: Maryland Racing Commission

Exhibit 1.5 shows the number of live racing days and simulcast only days and the associated betting at Maryland’s harness tracks in 2005. As shown, the average daily handle for Rosecroft and Ocean Downs for 2005 was \$333,800 and \$57,900, respectively, which includes all betting (live racing and simulcast betting on all days, including in-state and out-of-state betting). However, the average daily handle drops to \$49,150 and \$51,400, respectively, for betting on live racing conducted at the track on live racing days.

Exhibit 1.5
Average Daily Handle at Maryland Harness Tracks
2005

	<u>Rosecroft</u>	<u>Ocean Downs</u>
Live Racing Days	97	40
Simulcast Only Nights	262	322
Betting on Live Racing	\$4,767,933	\$2,056,739
MD Races Simulcast	7,479,401	1,479,526
Out-of-state Simulcast	107,588,715	17,416,963
Total Betting	\$119,836,049	\$20,953,228
Average Daily Handle on Live Racing	\$49,154	\$51,418
Average Daily Handle – Total	\$333,805	\$57,882

Source: Maryland Racing Commission

State Wagering Tax and the Maryland Racing Commission

Racing licensees pay taxes on the total amount wagered on all races for each race day. In 1985, the tax rate was lowered from 4.09% to 0.5%. The tax rate was decreased to 0.32% on an annual basis for three years beginning in 1997 and then permanently set at that rate by legislation enacted in 2000. The State Fair Society is exempt from paying this tax on racing at Timonium during the State Fair; for the steeplechase race days at Fair Hill, the tax is 9.0% of the handle.

Revenue from racing taxes is credited to a special fund, along with license and permit fees, certain uncashed pari-mutuel tickets, and other racing related fees. This special fund is used for several statutory grants, including for the Maryland Agricultural Fair Board and the Maryland Million race. Impact aid to Baltimore City, Anne Arundel, Baltimore, Howard, and Prince George's counties, and the cities of Bowie and Laurel, is also paid from this fund; this impact aid is provided to assist with services and facilities for communities within two miles of the racetracks and the Bowie Training Center. At the end of the fiscal year, any balance remaining in the special fund is distributed to the Maryland Agricultural Education and Rural Development Assistance Fund, the Maryland-Bred Race Fund, and the Standardbred Race Fund. Revenue from races held at Fair Hill is credited to the Fair Hill Improvement Fund. The total amount collected during fiscal 2006 in special funds was approximately \$5.4 million. **Exhibit 1.6** shows the Maryland Racing Commission's special fund revenues and expenditures for fiscal 2006.

Exhibit 1.6
Analysis of Racing Revenues and Expenditures
Fiscal 2006

	<u>Actual</u>
Revenues:	
<u>Special Fund</u>	
Wagering taxes	\$1,632,983
Track licensing	30,950
Impact fund (simulcast revenues)	349,605
Lab services	999,614
Fair Hill	15,165
Uncashed pari-mutuel tickets	2,110,534
<u>General Fund</u>	
Occupational licensing Fees	\$278,499
Total Revenues	\$5,417,350
Expenditures:	
<u>Special Fund</u>	
Grants	
Great Pocomoke Fair	\$20,000
Great Frederick Fair	40,000
Maryland Agricultural Education Foundation	75,000
Maryland Agricultural Fair Board	825,000
Maryland State Fair and Agriculture Society	500,000
Maryland Million	500,000
Standardbred Race Fund Sires Stakes	350,000
Impact Aid	
Anne Arundel County	\$530,000
Baltimore County	50,000
Howard County	132,500
Prince George’s County	100,000
Baltimore City	588,000
Bowie	18,200
Laurel	79,500
Other	
Fair Hill Improvement Fund	\$15,165
Track Operation Fund – Lab	999,614
Maryland-Bred Race Fund	39,111
Maryland Standardbred Race Fund	16,761
Maryland Agricultural Education and Rural Development Assistance Fund	260,000
<u>General Fund</u>	
Occupational licensing Fees	\$278,499
Total Expenditures	\$5,417,350
Net Total	\$0

Source: Maryland Racing Commission and Department of Legislative Services

Takeout at Maryland Thoroughbred Racetracks

Laurel and Pimlico

The takeout is the total amount deducted by the track from the amount bet on a race after payments made to the State for taxes and other designated allocations. The racetrack retains a certain percentage of the takeout and allocates the remainder to purses and bred funds. The takeout structure has varied through the years, according to factors such as the tax rate and amount paid back to bettors. The structure also varies according to the nature of the track.

While the takeout is specified in statute, current law permits mile thoroughbred tracks to allocate by agreement the amount of the takeout retained by the racetrack to go to the track, purses, and the bred funds. Both the track and the majority of horse owners, trainers, and breeders must assent to the agreement.

The statutory takeout for mile thoroughbred tracks (Pimlico and Laurel) is shown in **Exhibit 1.7**.

Exhibit 1.7
Mile Thoroughbred Tracks Statutory Takeout Structure
July 1, 2006

	<u>Regular Pool</u>	<u>2-Horse Multiple¹</u>	<u>3-Horse Multiple²</u>
State Tax	0.32%	0.32%	0.32%
Track ³	7.70%	8.70%	11.70%
Purses	7.70%	8.70%	11.70%
Purse Enhancement	0.18%	0.18%	0.18%
Bred Funds	1.10%	1.10%	1.10%
Maryland Million	1.00%	2.00%	0.75%
Total Takeout	18.00%	21.00%	25.75%
Returned to Bettors	82.00%	79.00%	74.25%
Total Handle	100.00%	100.00%	100.00%

¹This is also known as a “daily double.”

²This is also known as a “trifecta.”

³0.25% of the takeout allocated to the track must be allocated to the Maryland Track Employees Pension Fund.

Timonium

Timonium is a half-mile track that holds races during the Maryland State Fair. Since 1985, all of Timonium's racing days (currently eight days) have been run concurrently with the State Fair, so no State tax has been paid.

Other Thoroughbred Tracks

The Prince George's County Equestrian Center has also hosted thoroughbred racing but has not been an active racing site since 1995. This location is currently used for horse shows and other such events.

Takeout at Maryland Steeplechase Racetracks

Fair Hill is the only steeplechase track in Maryland. The handle at Fair Hill was \$150,700 during the one-day event in 2005 and \$141,000 in 2004 (also a one-day event). Legislation enacted in 2005 increased from 22% to 25% the takeout that the Cecil County Breeders' Fair, Inc., or its successor must deduct from the handle for races held at the Fair Hill Natural Resources Management Area. From the 25% takeout, the amount to be credited to the Fair Hill Improvement Fund was increased from 8% to 9%.

Takeout at Maryland Harness Tracks

The takeout at the Maryland harness tracks (Rosecroft and Ocean Downs) is a tiered system that varies according to the average daily handle for the year. **Exhibit 1.8** outlines the takeout structure for the harness tracks in Maryland.

Exhibit 1.8
Harness Tracks Takeout Structure
July 1, 2006

	Average Daily Handle (if difference)	Regular Pool	2-Horse Multiple	3-Horse Multiple
State Tax	No difference	0.32%	0.32%	0.32%
Purses	First \$150,000	1.93%	2.43%	5.18%
	\$150,000 – 600,000	1.93%	2.43%	5.18%
	Over \$600,000	0.18%	0.68%	3.43%
Track Maintenance, Improvements, Debt, and Personnel	No difference	–	0.50%	3.25%
Track	First \$150,000	15.50%	16.50%	16.50%
	\$150,000 – 600,000	14.50%	15.50%	15.50%
	Over \$600,000	14.50%	15.50%	15.50%
Standardbred Fund	First \$150,000*	0.50%	0.50%	1.00%
	\$150,000 – 600,000	1.00%	1.00%	1.50%
	Over \$600,000	1.00%	1.00%	1.50%
Track Pensions	Under \$125,000	–	–	–
	Over \$125,000	0.25%	0.25%	0.25%
Service, Facilities, Promotions, and Marketing	No difference	0.25%	0.25%	0.25%
Purses, Maintenance, Improvements, Debt, Personnel, and Backstretch Living Conditions	First \$150,000	–	–	–
	\$150,000 – \$600,000	0.50%	0.50%	0.50%
	Over \$600,000	0.50%	0.50%	0.50%
Total Takeout	First \$150,000	18.75%	20.75%	26.75%
	\$150,000 – \$600,000	18.75%	20.75%	26.75%
	Over \$600,000	17.00%	19.00%	25.00%
Returned to Bettors	First \$150,000	81.25%	79.25%	73.25%
	\$150,000 – \$600,000	81.25%	79.25%	73.25%
	Over \$600,000	83.00%	81.00%	75.00%
Total Handle		100.00%	100.00%	100.00%

*The amount deducted is 0.5% and 1.0%, respectively, for the first \$125,000 daily average. Percentages are as stated for amounts in excess of \$125,000.

Source: Maryland Racing Commission; Department of Legislative Services

Summary of Recent State Aid to the Racing Industry

In an effort to help the horse racing industry compete with increased race purses in Delaware and West Virginia, the General Assembly provided \$5 million in purse supplements for the industry in 1997 from overattainment of lottery revenues that would have otherwise gone to the general fund. About 70% of the money went to thoroughbred purses and bred funds and 30% to standardbred purses and bred funds.

Annual purse supplements of approximately \$10 million were also provided in each of the next three years, bringing the overall total to about \$35 million between 1997 and 2000.

During the 2000 session, in addition to the purse supplements, the General Assembly established a Maryland Racing Facility Redevelopment Bond Program to assist horse racing facilities with capital improvements. To carry out the bond program, the State Racing Commission and the Stadium Authority would have reviewed racing facility master plans submitted by racetracks and provided approval to use proceeds from bonds issued by the Maryland Economic Development Corporation (MEDCO) for capital improvements or related expenditures.

To finance the debt service on the bonds issued by MEDCO, the legislation increased or reallocated the “takeout” (the commission that is deducted from betting pools) on thoroughbred and standardbred races and required additional takeout allocations from mile thoroughbred licensees to be paid into a new special fund, the Racing Facility Redevelopment Bond Fund. In addition, the legislation provided for the allocation of uncashed pari-mutuel tickets from the existing horse racing special fund to the bond fund, under certain circumstances.

In 2001, the Senate passed a \$10 million purse supplement bill for the industry, but that bill failed in the House Ways and Means Committee. In 2002, a provision of the Budget Reconciliation and Financing Act (BRFA) took up to \$3.5 million from the Racing Facility Redevelopment Bond Fund and provided that money to purse and bred fund supplements.

No purse supplements were provided in 2003 or 2004. In addition, despite the legislative efforts to create the Maryland Racing Facility Redevelopment Program, the racetracks never developed capital improvement plans and thus never took advantage of the bond fund – it was subsequently repealed during the 2004 legislative session.

Legislation enacted in 2005 provided for the distribution of the cumulative receipts of at least \$1.04 million remaining in the former Racing Facility Redevelopment Bond Fund to a special fund to be used for purses for the running of the Pimlico Special and for purses at Rosecroft Raceway. In 2006, the House of Delegates passed legislation to provide up to \$10 million in overattainment of State lottery revenues for purses and bred funds, but that legislation did not pass the Senate.

Legislation and Historical Background

Prior to 1920, local jurisdictions regulated all horse racing tracks in Maryland. Racing commissions existed in Baltimore and Harford counties. Pari-mutuel betting was not used until approximately 1912, and until that time, betting was done legally on track premises or illegally off the premises. The racetracks operating at this time were:

<u>Track</u>	<u>Opened</u>
Pimlico (mile track)	1870
Timonium (half-mile track)	1887
Laurel (mile track)	1911
Havre de Grace (mile track)	1912
Bowie (mile track)	1914
Marlboro (half-mile track)	1914

The Maryland Jockey Club, created in 1743, is reputed to be the oldest turf organization in continuous existence in the country. It was created to supervise a track located in Annapolis and supposedly continued to be the sole governing force in Maryland until 1920, when the Maryland Racing Commission was created.

1920 Chapter 273 repealed the local laws controlling racing, established State control over racing, and created the Maryland Racing Commission to regulate racing. Harness racing was not recognized. Mile tracks were authorized to run 100 days annually, or a maximum of 25 days for each of the four tracks. A \$6,000 daily license fee was paid to the State, plus a 15% tax on net racing income. Half-mile tracks were authorized to run 5 days each, with the exception of Hagerstown, which was permitted to have two 5-day meetings.

1921 The Cumberland track (half-mile) opened for racing.

1929 The Hagerstown track (half-mile) opened for racing.

1933 Chapter 324 authorized the imposition of a State tax of 1% on betting at the mile tracks.

1937 Chapter 64 designated six half-mile tracks to run 10 days each, for a total of 60 days. A State tax of 1% of betting over \$500,000 was levied in addition to a 5% tax on net revenues from racing. These revenues were for the benefit of the Maryland State Fair Board.

1938 The Maryland Racing Commission authorized the four mile tracks to deduct an additional 1% from the betting to be used for capital improvements at the tracks.

- 1939 Chapter 277** increased the 1% State tax on betting at the mile tracks to 2%.
- 1941 Chapter 514** increased the 1% State tax on betting at the half-mile tracks to 2% of betting over \$500,000.
- 1943 Chapter 994** increased the number of days run at mile tracks from 30 to 50, removed the limitation on running two meetings at any one track, and authorized the transfer of mile days between tracks.
- 1944** The Maryland Racing Commission rescinded the 1938 resolution authorizing the deduction of an additional 1% from betting to be used for capital improvements and instead authorized the four mile tracks to deduct an additional 0.5% from the betting for purses and an additional 0.5% for capital improvements.
- 1945 Chapter 961** fixed the takeout at the mile tracks at 10% with the Maryland Racing Commission authorized to fix the track share, at not to exceed 8% (the State tax was 2%). A building fund was established for mile track capital improvements, funded by a maximum 1% of betting.

Chapter 962 required 0.5% of betting to be placed into the building fund.

- 1946** The Maryland Racing Commission adopted a rule setting aside 0.5% of the betting to be used for capital improvements at mile tracks.

Chapter 3 of the special session authorized mile tracks to transfer to another track the days authorized at an abandoned track. The daily license fee was reduced from \$6,000 to \$1,000. The State tax was increased to 4%, thus reducing the track’s share to 6% (including the 0.5% to the building fund). Additionally, the half-mile track takeout was fixed at 10% and divided as follows:

<u>State</u>	<u>Track</u>
1% on first \$500,000	9% on same
2% on next \$500,000	8% on same
4% over \$1 million	6% on same

A schedule of distribution of State revenues from racing was established, and provisions were made to share these revenues with the counties and municipalities.

- 1947 Chapter 502** fixed the building fund at 0.5% of the betting, authorized half-mile tracks to open a new half-mile track in the same county if they abandon racing, and authorized harness tracks to be licensed not over one per county (not authorized in five counties) to run 20 days per track, not over a total of 100 days. The takeout was fixed at 10%, with 4% to the State and 6% to the track. The daily license fee was reduced from \$50 to \$25 per day.

1948 The Laurel harness track opened for racing.

1949 The Rosecroft and Ocean Downs harness tracks opened for racing.

Chapter 744 altered the dollar amounts of betting at half-mile tracks on which takeout is calculated as follows:

<u>State</u>	<u>Track</u>
No tax under \$500,000	10% on same
1% on \$500,000 up to \$1 million	9% on same
2% on \$1 million up to \$1.5 million	8% on same
4% on all over \$1.5 million	6% on same

1950 The Baltimore Raceway harness track opened for racing.

Chapter 44 authorized harness tracks to transfer days to another track in an emergency.

1951 The Havre de Grace track closed, and its days were run at Pimlico and Laurel.

Chapter 696 authorized the transfer of half-mile days to another half-mile track in an emergency and altered the takeout from 10% to 12% as follows:

<u>State</u>	<u>Track</u>
1% to \$1.5 million	11% on same (2% increase)
6% over \$1.5 million (2% increase)	6% on same

Chapter 696 authorized 20 days for each of the four harness tracks, authorized the transfer of harness days because of weather conditions, and increased the takeout as follows:

<u>State</u>	<u>Track</u>
1% to \$2 million	11% on same
4.5% over \$2 million (.5% increase)	7.5% on same (1.5% increase)

Chapter 706 changed the treatment of the 0.5% building fund at the mile tracks by showing it as a separate tax of 0.5%, resulting in a track share of 5.5% and a State share of 4%, all totaling the 10% takeout.

1952 The 25 days at Havre de Grace were reassigned among the remaining three mile tracks, increasing the days from 25 to 33 each, with one day alternating among the tracks, thus not changing the total 100 days.

1953 Two days of steeplechase racing were authorized at Fair Hill. The takeout was fixed at 10%: 4% to the State and 6% to the track.

1956 Chapter 48 increased the number of days for mile tracks from 100 days to 120 days, or 40 days each. The takeout was raised from 10% to 12% – the State at 5% (1% increase), the tracks at 6.5% (1% increase), and the building fund at 0.5%. Half-mile race days were increased to 12 for each track, for a total of 60 days, thus not changing the overall total.

Harness track takeout was increased from 12% to 13% as follows:

<u>State</u>	<u>Track</u>
2% to \$2 million (0.5% increase)	11% on same
5% over \$2 million (0.5% increase)	8% on same (0.5% increase)

1957 Pimlico asked the Maryland Racing Commission for permission to abandon the track and transfer its days to Laurel.

Chapter 703 increased the takeout at Fair Hill from 10% to 12%: 5% to the State (a 1% increase) and 7% to the track (a 1% increase).

Chapter 847 increased the takeout at the harness tracks from 13% to 15% as follows:

<u>State</u>	<u>Track</u>
3.5% to \$3 million (1.5% increase)	11.5% on same (1.5% increase)
7% over \$3 million (2% increase)	8% on same

Chapter 851 restored the authorization for 12 half-mile days for the Pocomoke track, thus increasing the possible total of days from 60 to 72.

1958 This was the last year races were held at Cumberland (half-mile track).

1959 Cumberland ran its 12 days at Hagerstown.

Chapter 831 increased the size of the Maryland Racing Commission from three to five members.

1960 Cumberland ran its 12 days at Timonium

1962 Again, Cumberland ran its 12 days at Timonium.

This was the last year races were run at Bel Air (half-mile track).

Chapter 135 increased the total number of harness racing days from 80 to 96 by authorizing the four tracks to race not less than 24 days per track and increased takeout from 15% to 16% as follows:

<u>State</u>	<u>Track</u>
3.5% up to \$125,000 daily average	12.5% on same (1% increase)
7% over \$125,000 daily average	9% on same (1% increase)

Chapter 137 established the Maryland Bred Race Fund and increased the takeout at the mile tracks from 12% to 13% – the State at 5%, the track at 7.5% including 4% to purses (a 1% increase), and the building fund at 0.5%.

The takeout at the half-mile tracks was increased from 12% to 13% as follows:

<u>State</u>	<u>Track</u>
1% to \$1.5 million	12% on same (1% increase)
6% over \$1.5 million	7% on same (1% increase)

1963 Chapter 365 formally authorized 72 days of racing for the half-mile tracks.

The Maryland Racing Commission increased the three-mile track (Laurel, Pimlico, and Bowie) days from 40 to 52 days each, thus increasing the total mile track race days from 120 to 156.

1968 Chapter 477 increased the steeplechase days at Fair Hill from 2 to 4 days and changed the takeout from 12% to 14%, with the State's share at 5% and the track's share at 9% (a 2% increase).

1969 Chapter 696 increased the takeout at the three half-mile tracks from 13% to 14%, with the exception of Hagerstown, as follows:

<u>State</u>	<u>Track</u>
1% to \$1.5 million	13% on same (1% increase)
6% over \$1.5 million	8% on same (1% increase)
1% to \$2.5 million (Hagerstown)	13% on same (1% increase)
6% over \$2.5 million (Hagerstown)	8% on same (1% increase)

A joint resolution urged the appointment of a legislative committee to review questions of consolidation of tracks, additional racing days, and increased revenues to the State.

1970 This was the last year races were held at Hagerstown (half-mile track).

Chapter 402 placed the Maryland Racing Commission within the State Department of Licensing and Regulation.

Chapter 524 increased the number of harness racing days from not less than 24 to not less than 42, with the exception of Baltimore Raceway’s days at 24, resulting in a total number of harness racing days authorized at 150. The takeout for the harness tracks was also increased from 16% to 16.5% and 17.5% as follows:

<u>State</u>	<u>Track</u>
3.5% up to \$125,000 daily average	13% on same (0.5% increase)
7% over \$125,000 daily average	9.5% on same (0.5% increase)

Harness tracks with less than \$166,666.67 daily average (Ocean Downs) were permitted to retain an additional 1% for a total of 14%, with the increase allocated 50% to purses and 50% to track improvements.

Chapter 664 increased the days of mile racing from 52 days for each track to 60 days each, a total increase from 156 to 180 days. The takeout was also increased from 13% to 15% as follows:

State:	5.34% (increase of 0.34%)
Track:	3.66% including 0.25% for the Maryland Race Track Employees Pension Fund (increase of 0.16%)
Building Fund:	0.5%
Maryland Bred Fund:	0.5%
Purses:	5% (increase of 1.5%)

The takeout was also increased at the half-mile tracks from 14% to 16% – the State at a flat 5.5% and the tracks at a flat 10.5%. Authorization was also granted for half-mile tracks to transfer days to either another half-mile track or to a mile track and for harness tracks to transfer days to another track, subject to the approval of the Maryland Racing Commission.

1971 Hagerstown’s days of racing were run at Laurel.

Chapter 771 established the Maryland Standardbred Race Fund for harness racing and increased the takeout for harness racing from 16.5% and 17.5% to 17% and 18% as follows:

<u>State</u>	<u>Track</u>
3.5% up to \$125,000 daily average	13.5% on same (0.5% increase)
7% over \$125,000 daily average	10% on same (0.5% increase)

Harness tracks with less than \$166,666.67 daily average (Ocean Downs) could retain 14.5%, formerly 14%. The 0.5% increase was allocated to the Standardbred Race Fund.

1972 Hagerstown days transferred to Marlboro were run at Pimlico and Laurel.

This was the last year races were run at Marlboro (half-mile track).

Chapter 2 authorized the transfer of Hagerstown's 18 days to Marlboro, for a total of 60 days (unchanged) at the half-mile tracks, with Marlboro at 36 days and Timonium at 24 days.

1973 The Maryland Racing Commission approved the request of Marlboro (half-mile track) to run its 36 days at Bowie (mile track) for the 1973 racing season, thus increasing the total number of mile track days from 180 days to 216 days.

The Maryland Racing Commission requested Timonium to run its 24 days at a mile track.

1974 Chapter 223 required each licensee to maintain records of owners of the stock of the licensees so that the names of those persons other than the corporation who were beneficial owners would be disclosed.

Chapter 603 included certain employees of licensed racetracks whose employment was required by the Maryland Racing Commission in certain capacities (inspectors, auditors, veterinarians, etc.) in the Employees' Retirement System of Maryland and required the employing track to pay social security contributions and retirement system contributions (such retirement contributions had never been paid by the tracks).

Chapter 623 authorized the mile tracks to race an additional 48 days, increasing the total number of days authorized from 216 to 264. Additionally, the Maryland Racing Commission was allowed to prescribe the terms and conditions with respect to parking facility improvements as a concession for the additional 48 days. The takeout at the mile tracks was increased from 15% to 16% on multiple mutuel pools, with the track retaining the additional 1%, an increase from 3.66% to 4.66%. Additionally, the State's 50% of the breakage would be allocated for purse money, of which 10% would be allocated to the Maryland Bred Race Fund.

Timonium (the remaining half-mile track) was awarded an additional 18 days for a total of 42. The State's 50% of the breakage would be allocated for purse money, of which 10% would be allocated to the Maryland Bred Race Fund. The takeout at Timonium was increased from 16% to 17% on multiple mutuel pools with the track retaining the additional 1%, an increase from 10.5% to 11.5%.

Chapter 772 transferred Hagerstown-Marlboro racing days to Bowie and required owners of the Marlboro Track to sell the interest to Prince George's County on the same terms as to a prospective purchaser, constituting the right of first refusal.

1975 Chapter 391 authorized Sunday racing in Worcester County (Ocean Downs).

Chapter 543 altered the takeout at harness tracks by specifically addressing multiple mutuel pools as follows:

	<u>State</u>	<u>Track</u>
Less than or equal to \$125,000 daily average		
Regular mutuel pool	3.5%	14.5% (1% increase)
Multiple mutuel pool	3.5%	14.5% (1% increase)
In excess of \$125,000 daily average		
Regular mutuel pool	7.0%	10.0%
Multiple mutuel pool	7.0%	11.0% (1% increase)

Chapter 589 increased the takeout at Fair Hill (steeplechase track) from 14% to 16% with 5% to the State and 11% to the track.

Chapter 697 allowed Baltimore City, Anne Arundel, Prince George’s, and Howard counties to participate in license fees and wagering taxes resulting from the extra days awarded to mile tracks and Timonium in 1974.

1976 Chapter 51 required all stewards and judges to be appointed by the Maryland Racing Commission.

Chapter 413 created the Fair Hill Improvement Fund to be used for the operation, maintenance, and development of Fair Hill (steeplechase track). The number of racing days authorized was increased from 4 to 8. Additionally the takeout was increased from 16% to 18% with 8% to the Fair Hill Improvement Fund and 10% to the track.

1977 Chapter 728 increased the number of Maryland Racing Commission members from 5 to 10, and split the Maryland Racing Commission into two boards, the Thoroughbred Racing Board and the Harness Racing Board. Additionally, the number of harness racing days was increased from 42 days per track to 67 days per track, thus authorizing a total of 201 harness racing days.

1978 Chapter 792 specifically addressed three or more horse mutuel pools by altering the takeout for mile tracks as follows:

<u>Mutuel Pool</u>	<u>Takeout</u>	<u>State</u>	<u>Track</u>	<u>Purse</u>	<u>MD Bred Fund</u>	<u>Capital Improvement</u>
Regular	15.0%	5.34%	3.66%	5.0%	0.5%	0.5%
2 horse	19.0%	5.34%	4.66%	8.0%	0.5%	0.5%
3 or more horse	25.0%	5.34%	4.66%	14.0%	0.5%	0.5%

The Thoroughbred Racing Board was authorized to permit the mile tracks to run not less than eight races involving wagering on two horse pools or more than one race involving wagering on three or more horse pools.

Allocations were also altered at Timonium (the only half-mile track remaining) to specifically address three or more horse pools as follows:

<u>Mutuel Pool</u>	<u>State</u>	<u>Track</u>	<u>Purse</u>	<u>MD Bred Fund</u>
Regular	5.5%	10.5%	5.0%	0.5%
2 horse	5.5%	13.5%	7.0%	0.5%
3 or more horse	5.5%	19.5%	13.0%	0.5%

Chapter 846 required harness tracks to make estimated tax payments, the first payment due 33 days after the meet begins, then every 72 hours. Formerly, tax payments were made five days after the close of every meet. Additionally, harness tracks were prohibited from making loans to individuals for purposes of wagering.

Chapter 847 altered the takeout for harness tracks to specifically address three or more horse pools as follows.

	<u>State</u>	<u>Track</u>	<u>Std Bred Fund</u>
Less than or equal to \$125,000 daily average			
Regular mutuel pool	3.5%	13.5%	0.5%
2 horse mutuel pool	3.5%	15.5%	0.5%
3 or more horse mutuel pool	3.5%	21.5%	1.0%
In excess of \$125,000 daily average			
Regular mutuel pool	7.0%	10.0%	0.5%
2 horse mutuel pool	7.0%	12.0%	0.5%
3 or more horse mutuel pool	7.0%	18.0%	1.0%

One percent of the two horse pool would be allocated 50% for purses and 50% for improvements. Six-and-a-half percent of the three or more horse pool would be allocated 50% for purses and 50% for improvements. Additionally, the Harness Board was authorized to award another 54 days of racing, or 18 days per track, increasing the number of harness racing days from 201 to 255.

1979 Chapter 508 increased the harness track share of the takeout for daily averages in excess of \$125,000 by 1% of each pool and decreased the State tax by 1% of each pool, resulting in a State tax of 6% and track share for regular, two horse, and three or more horse mutuel pools at 11%, 13%, and 19%, respectively. Furthermore, for daily averages in

excess of \$125,000, an additional 0.5% of all money wagered would be paid to the Maryland Standardbred Fund from the tracks' share and in 1980 and 1981, 0.5% of all money wagered would be allocated for purses and track improvements.

Chapter 665 provided an increase in harness track share of 0.75% of all money wagered for 1980 and 1981 for tracks with daily averages not in excess of \$166,666.67 (Ocean Downs), to be used for purses and track improvements. Additionally, for 1979, 1980, and 1981 only, for harness tracks with daily averages not in excess of \$125,000, the State tax was reduced by 0.5% and the track share was increased by 0.5%, resulting in a State tax of 3% and track share for regular, two horse, three or more horse mutuel pools at 14%, 16%, and 22%, respectively.

Chapter 682 exempted Timonium from the 5.5% State tax for race days run by the Maryland State Fair and Agricultural Society.

Chapter 683 altered the takeout and allocation for mile tracks as follows:

<u>Mutuel Pool</u>	<u>Takeout</u>	<u>State</u>	<u>Track</u>	<u>Purse</u>	<u>MD Bred Fund</u>	<u>Capital Improvement</u>
Regular	15.0%	4.09%	4.41%	5.0%	1.0%	0.5%
2 horse	19.0%	4.09%	5.41%	8.0%	1.0%	0.5%
3 or more horse	25.0%	4.09%	5.41%	14.0%	1.0%	0.5%

Note that .25% of the track share was to be paid to the Maryland Racetrack Employees Pension Fund.

For 1980 and 1981, an additional 0.75% of the track share would be allocated for track improvements.

The State tax at Timonium was reduced from 5.5% to 3.5%, resulting in an increase for track share for regular, two horse, and three or more horse mutuel pools at 12.5%, 15.5%, and 21.5%, respectively, of which 0.25% would be paid to the Employees Pension Fund. Additionally, the contribution to the Maryland Bred Race Fund was increased from 1.34% to 1.5% of the total wagered.

1980 Chapter 285 prohibited Sunday racing at all licensed tracks with the exception of Ocean Downs.

Chapter 554 altered the State tax and the track share for mile tracks and harness tracks effective January 1, 1982. (Alterations were later repealed.)

Chapter 808 established a Standardbred Sires Stakes Program as part of the Maryland Standardbred Race Fund.

- 1981** The Administration unsuccessfully sought to consolidate the thoroughbred tracks by reducing the number from four to two tracks (eliminating Bowie and Timonium).

Laurel Raceway (harness track) changed ownership, and the name of the track was changed to Freestate.

Chapter 559 delayed the State tax and the track share changes for mile tracks until January 1, 1985, and extended from 1981 to 1984 the requirement that licensees retain 0.75% of the mutuel pools to be used for track improvements.

The State tax and track share changes for daily averages in excess of \$125,000 for the harness tracks was delayed until January 1, 1985. The requirement that 0.5% of the total wagered in excess of \$125,000 be retained and used for increased purses and track improvements was extended from 1981 to 1984 as well as the requirement that 0.75% of the total wagered in excess of \$166,666.67 (Ocean Downs) be retained and used for increased purses and track improvements.

- 1982** **Chapter 309** decreased the State tax at harness tracks from 3% to 1.25% during calendar 1983 and 1984 for tracks with average daily wagers not in excess of \$125,000 and increased the track share of each wagering pool in those years by 1.75%, resulting in regular, two horse, and three or more horse mutuel pool harness track shares at 15.75%, 17.75%, and 23.75%, respectively.

Chapter 575 authorized Sunday racing for all harness tracks.

Chapter 580 repealed Section 12, the Maryland Racing Fund (known as the building fund), which was to be used for improvements but never utilized to the extent intended. Formerly, mile tracks had been required to allocate 0.5% of total wagers to the fund. The additional 0.5% available would be retained by the track, increasing the track share on regular and multiple horse pools to 4.91% and 5.92%, respectively. This reallocation of the 0.5% was also applied to the altered track shares effective in 1985.

Chapter 581 altered the takeout for mile tracks on regular mutuel pools from 15% to 17% and permitted the track to retain the additional 2%. (Chapter 580 and Chapter 581 resulted in a regular mutuel pool track share of 6.91%.) Effective in 1985, the track share would be reduced by the 2%. Additionally, Timonium's track share was increased from 12.5% to 13.5% of all money wagered in regular mutuel pools.

Chapter 593 authorized Timonium to race on Sundays during the 1982 Maryland State Fair.

Chapter 893 established a Maryland Horse Racing Council, funded by \$100,000 of unredeemed winning tickets normally paid to the general fund. The monies would be paid into a special account. The Department of Economic and Community Development

could approve grants from the account, whereby the council would match these grants. This program would be in effect for 1983 and 1984 only.

- 1983** Laurel Race Course, Inc. and the Maryland Jockey Club acquired Bowie from the Southern Maryland Agricultural Association.

Chapter 139 authorized Sunday racing at Laurel.

Chapter 144 extended the 0.5% allocation to the Maryland Standardbred Fund indefinitely for harness tacks.

The average daily wager break of \$125,000 for purposes of State tax and harness track share allocations was eliminated. Instead, for all wagers, the State tax would be 3.5% and the track share for regular, two horse, and three or more horse pools would be 13.5%, 15.5%, and 21.5% respectively. All 1985 alterations to these allocations were repealed. Effective July 1, 1984, the State tax would be 0.75% of all wagers with the track share for regular, two horse, and three or more horse pools at 16.25%, 18.25%, and 24.25% respectively.

The 50% of the breakage retained by the harness track when average daily wagers were in excess of \$166,666.67 would be used for track maintenance and debt repayment as opposed to track maintenance and purses. Additionally, the licensees with average daily wagers in excess of \$125,000 were required to allocate 0.25% of the total wagered to the Maryland Harness Track Employees Pension Fund.

The harness board was authorized to award an additional 60 days, increasing the total number of harness racing days to 315, and an additional 30 days, above and beyond the 60 days, in 1984.

Chapter 150 authorized pari-mutuel wagering on horse races of national or local significance held at race tracks outside of the State, provided that the track receiving the simulcast was authorized to conduct racing that day. Computation of the takeout and breakage would remain unchanged. After the State tax would be deducted from the takeout on the entire pari-mutuel pool and deductions would be made for the payment to the out-of-state track under the terms of the contract and the transmission cost, the remainder would be allocated in the same manner applicable to racing conducted by the licensee.

- 1984** The Laurel Racing Association Ltd. Partnership acquired Laurel (mile thoroughbred track) from Laurel Race Course Inc. along with Laurel Race Course Inc.'s share of Bowie.

Chapter 499 transferred 32 days from the half-mile track at Timonium to the mile tracks, leaving Timonium with 10 days and increasing the number of days of racing authorized at mile thoroughbred tracks from 264 to 296 days.

In addition to the money being paid to the Maryland Agricultural Fair Board, the Comptroller would pay \$500,000 as a grant to the Maryland State Fair to be used for promotional purposes and \$50,000 as a grant to Baltimore County to replace lost revenues resulting from the decrease in days raced at Timonium. The allocation of money paid to the local subdivisions authorized in 1974 was revised.

Chapter 500 abolished the thoroughbred and harness racing boards and reduced the number of members on the Maryland Racing Commission from 10 to 7, forming a single board, with one chairman. Additionally, the Secretary of Licensing and Regulation would appoint an executive director for the Maryland Racing Commission to be responsible for daily operations, tax collections, licensing, and the appointment of employees of the Maryland Racing Commission.

Chapter 550 repealed the limitations on the number of mile and half-mile thoroughbred races that could be conducted involving two horse mutuel pools (formerly, a minimum of eight) and three or more horse mutuel pools (formerly, a maximum of one).

For mile tracks, when more than one race was conducted involving a three or more horse mutuel pool, with the exception of the first race, the allocation for purses and track share would be 10.455% of the mutuel pool, and the allocation for the Maryland Bred Fund would be deducted from the purse allocation. Additionally, 0.25% of the pools would be paid to the Maryland Racetrack Employees Fund.

For the half-mile track (Timonium), when more than one race was conducted involving a three or more horse mutuel pool, with the exception of the first race, the allocation for purses and track share would be 10.75% of the mutuel pools and the allocation for the Maryland Bred Fund would be deducted from the purse allocation. Again, .25% of the pools would be paid to the Maryland Racetrack Employees Fund.

Chapter 564 exempted harness tracks with daily averages not in excess of \$125,000 from the State tax. The track share for regular, two horse, and three or more horse pools would be 17%, 19%, and 25%, respectively. The qualifying tracks would be required to dedicate 0.75% of their track share to capital improvements at the track.

Chapter 565 provided for the continuation of the grant to the racing council through 1986. The amount of unredeemed pari-mutuel tickets normally paid to the general fund to be placed in a special account was increased from \$100,000 to \$150,000 per year. The matching funds provided by the council for those grants approved by the Department of Economic and Community Development were decreased from an amount equal to the grant to 40% of the grant.

Chapter 568 delayed the mile thoroughbred track State tax increase from 4.09% to 4.84% from July 1, 1985 to July 1, 1986. Other allocation adjustments were made as a result of this revision.

Chapter 577 required Horse Racing Council grants to be approved by the Department of Budget and Fiscal Planning instead of the Department of Economic and Community Development.

Chapter 753 authorized the Maryland Racing Commission to establish a system of telephone betting at any track licensed by the Maryland Racing Commission.

1985 Chapter 7 reduced the State tax at the mile thoroughbred tracks from 4.09% to 0.5% and reduced the daily licensee fee from \$1,000 to \$25 per day. Although the takeout and the breakage allocations remained unchanged, the purse, Maryland Bred Race Fund, and the track share allocations were altered as follows:

	<u>Regular Pool</u>	<u>2 Horse</u>	<u>3 or More Horse</u>
Track Share	7.7% (was 6.91%)	8.7% (was 5.91%)	11.7% (was 5.91%)
Purse	7.7% (was 5%)	8.7% (was 8%)	11.7% (was 14%)
MD Bred Race Fund	1.1% (was 1%)	1.1% (was 1%)	1.1% (was 1%)

Note: From the purse, the Maryland Racing Commission could authorize a deduction of 0.25% of all pools to be paid to the Maryland Backstretch Employees Pension Fund and an amount between 1% and 2% to be paid to the National Thoroughbred Horse Association.

The mile thoroughbred track licensees were required to submit a report on the use of increased funds. They were also required to spend a minimum on capital improvements and marketing in an amount equal to the prior three year average amount spent on those items.

The takeout allocation provisions for races involving only one three or more horse pool were repealed in addition to the \$12,000 payable to the Maryland Agricultural Fair Board by the mile track licensees.

The mile thoroughbred tracks were consolidated from three to two tracks by closing Bowie for racing purposes. Bowie would become a training facility with the owners of the facility responsible for all associated costs. The Maryland Racing Commission would maintain regulatory jurisdiction over Bowie.

No mile or half-mile thoroughbred track would be permitted to conduct races after 6:15 p.m. unless uncontrollable circumstances prevented all races from being run before that time.

Finally, if the Preakness Stakes were transferred outside of the State, Maryland Jockey Club racing days could be revoked.

Chapter 7 also reduced the State tax at harness tracks from 0.75% to 0.5% of all money wagered. However, tracks with average daily wagers not in excess of \$150,000, formerly \$125,000, would be exempt from State tax until July 1, 1987, when a 0.5% State tax would be required to be paid. For tracks with average daily wagers in excess of \$150,000, the harness track shares were increased by the 0.25% tax reduction, resulting in track shares, before other allocations, for regular, two horse, and three or more horse pools of 16.5%, 18.5%, and 24.5%, respectively. Breakage allocations would be based on whether or not the daily average exceeded \$150,000, formerly \$166,666.67. Maryland Standardbred Race Fund allocations deducted from the track share would be altered and based upon average daily wagers not in excess of in excess of \$125,000.

The harness track licensees were required to submit a report on the use of increased funds as a result of the State decrease. The provision requiring harness track licensees to pay the Maryland Agricultural Fair Board an amount not to exceed \$3,500 annually was eliminated.

In addition, Chapter 7 required the State share of daily license fees, pari-mutuel taxes, and unredeemed tickets to be placed in a special fund whereby a portion of those funds would be allocated to those subdivisions affected by racing in the community. The Maryland Horse Racing Council and the provision for distribution of funds to all local governments was repealed. Payment to the Maryland Agricultural Fair Board was also changed. Distributions would be made annually as follows:

Anne Arundel County	\$2,000	per racing day
Baltimore City	2,800	per racing day
Howard County	500	per racing day
City of Laurel	300	per racing day
City of Bowie	50	per training
MD Agricultural Fair Board	450,000	annually
MD State Fair & Agricultural Society	500,000	annually (no change)
Prince George's County	100,000	annually
(to replace lost admissions and amusement tax revenue)		
Baltimore County	50,000	annually (no change)

Chapter 126 required the Comptroller to pay from the special fund \$10,000 annually to the Great Frederick Fair to support exhibition harness racing.

Chapter 757 established the Maryland Jockey Injury Compensation Fund, Inc. and required the fund to secure workers' compensation insurance for jockeys licensed by the Maryland Racing Commission to ride at thoroughbred tracks under the Maryland Racing Commission's jurisdiction.

1986 Pimlico Racing Association, Inc. and subsidiary acquired the Maryland Jockey Club, Inc. (Pimlico) and as a result, the Maryland Jockey Club share of Bowie. These same people also owned Laurel.

The Rosecroft Trotting and Pacing Association, Inc. acquired Ocean Downs and changed the name to Delmarva Downs.

Chapter 129 changed from annually to semiannually the installments from the special fund payable to the subdivisions for impact aid.

Chapter 373 required the tracks to pay health insurance benefits provided through the State Employees' Health Insurance Program for the additional employees hired by the Maryland Racing Commission.

1987 Chapter 651 clarified the General Assembly's intent that a licensee may not use the increased income tax expenses resulting from the 1985 tax reduction to be included in the calculation for the minimum expenditure required for track improvements.

Chapter 661 permitted Sunday racing at Pimlico with the restriction that racing could not begin before 12:00 p.m. Additionally, if the Preakness were offered for sale, the State would be permitted to have the right of first refusal. If the Preakness were transferred to an out-of-state track, the allocation of mutuel pools on races conducted by a mile thoroughbred track would revert to those allocations applicable in 1984.

Chapter 754 exempted harness track licensees with average daily wagers not in excess of \$200,000, formerly \$150,000, from the State tax and extended this provision until July 1, 1989. Additionally, reports on the use of these additional funds resulting from the tax exemption were required to be filed.

The licensee would be required to spend a minimum of the average expenditure for the three previous years on track improvements and marketing. In calculating this amount, income tax consequences resulting from the increased funds could not be considered.

1988 Freestate was leased to the owner of controlling interests in Rosecroft and Delmarva Downs (harness tracks).

Chapter 7 prohibited the Maryland Racing Commission from adopting regulations or proposing emergency regulations to permit certain breeds of horses to race. Also the Maryland Racing Commission could not permit intertrack, off-track, or telephone wagering, other than telephone account betting, not authorized by statute or regulation.

The Maryland Racing Commission was given authorization to establish a system of intertrack wagering between thoroughbred racing tracks. Wagering on the simulcast races at the receiving track would be included in the mutuel pools of the track conducting the live racing. The computation of the allocation of the mutuel pools to the track, the

State, for purses, and all other purposes would be the same as that applicable to live racing.

Chapter 9 allowed a thoroughbred track authorized to conduct intertrack wagering on races held at another thoroughbred track in the State to also conduct wagering on races simulcast from a track outside the State if the simulcast race was of national or local significance with a purse in excess of \$50,000 and the simulcast was on the racing program of the in-state track conducting the live races.

Chapter 267 required the mile thoroughbred track sending a simulcast of a live race being conducted at that track to pay within three days to the Maryland Racing Commission an amount equal to \$1,000 of the impact aid to be paid to the political subdivisions for wagering on simulcast races for that day. This amount would be deducted from the takeout prior to any allocations (State tax, track share, purses, and Maryland Bred Fund). An additional \$400 would be paid from the special fund for the purpose of racing impact aid. The payment to the political subdivisions for days when simulcasts were received from another track in the State would be as follows:

Anne Arundel County	\$1,000	each day
Baltimore City	1,400	each day
Howard County	250	each day
(when wagering on simulcast races is conducted in Anne Arundel)		
City of Laurel	150	each day
(When wagering on simulcast races is conducted in Anne Arundel)		

The total annual payments made to each political subdivision for impact aid would be based on a minimum of 140 days of racing.

Chapter 305 authorized the Maryland Racing Commission to issue a license for intertrack wagering to Delmarva Downs (harness track) on races simulcast from Laurel or Pimlico. Again, all money wagered at the in-state receiving track on intrastate simulcast races would be included in the mutuel pools at the in-state sending track. Computation of the takeout, breakage, and State tax on all intertrack wagering at the in-state receiving track would be the same as that applicable to racing conducted at the in-state sending track. Computation of the takeout, breakage, and State tax on all intertrack wagering at the in-state receiving track would be the same as that applicable to racing conducted at the in-state sending track. Unlike the allocation method provided in Chapter 7, deductions would be made from the takeout for the State tax (same as Chapter 7), the amount to be retained by the in-state receiving track under the terms of the intrastate simulcast agreement, and the cost to the in-state sending track of the transmission before

the remainder was allocated in the same proportions as applicable to racing conducted at the in-state sending track.

Chapter 593 authorized one day of steeplechase or turf racing for Fair Hill for racing at the Prince George's County Equestrian Center (formerly the Marlboro Racetracks). Eight percent of the normal 18% takeout would be credited to the Maryland-National Capital Park and Planning Commission for the use of the Prince George's County Equestrian Center.

1989 Freestate ended racing and the land was sold to a developer.

Chapter 773

- increased the Maryland Racing Commission membership from seven to nine members, increased from two to three the number of commissioners that must be knowledgeable or experienced in some aspect of thoroughbred racing, and also increased from two to three the number of commissioners that must be knowledgeable or experienced in some aspect of harness racing;
- decreased from two years to one year the term of the chairman of the Maryland Racing Commission and provided that the chairman may serve no more than two consecutive terms;
- required that no more than four commissioners appointed after July 1, 1989, shall have any monetary or pecuniary interest in horse racing in the State of Maryland;
- required the Maryland Racing Commission to adopt regulations establishing certain uniform procedures for reviewing personal and financial background information of any interested party negotiating for the purchase of an entity licensed to conduct racing in Maryland prior to the purchase or a transfer of racing days as a result thereof. Such a license or racing days may not be transferred unless the Legislative Policy Committee receives notification 15 days prior to the transfer, comment is provided if deemed appropriate by the committee, and the Maryland Racing Commission has approved the transfer;
- authorized the Prince George's Equestrian Center to hold two days of licensed horse racing per year with pari-mutuel wagering and required that the races be held in conjunction with or for the benefit of a county fair or an equestrian activity. The takeout and purse distributions would be the same as those for races conducted by fairs and agricultural exhibitions; and
- extended the sunset date on the pari-mutuel tax exemption for Delmarva Downs from June 30, 1989, until June 30, 1992.

1990 Chapter 14 clarified that two members of the Maryland Standardbred Race Fund Advisory Committee shall be nominated by the organization representing a majority of standardbred breeders in the State, one of whom shall be a commercial breeder as defined by the Maryland Racing Commission.

Chapter 74 permitted the Maryland Racing Commission to appoint a committee of at least three of its members to conduct disciplinary proceedings. A unanimous decision of the committee is binding and constitutes a final decision of the Maryland Racing Commission. If the decision is not unanimous, the Maryland Racing Commission must render the final decision.

Chapter 102 authorized all thoroughbred and harness racetracks in the State to participate as both a sending and receiving track for the purpose of conducting intertrack wagering on intrastate simulcast wagering. The legislation provided an exception for Pimlico, however, by prohibiting the track to operate as a receiving track for simulcast harness racing. In order to be licensed to operate as a receiving track, all tracks must have run at least 75% of the total number of days available to be awarded to that track in the previous calendar year, with the exception of Pimlico and Delmarva Downs, which must have run 90 and 65 days of live racing, respectively, in the previous calendar year.

Chapter 249 addressed impact aid to thoroughbred tracks. Specifically, the law provided that if a thoroughbred track (*i.e.*, Pimlico or Laurel) conducts live racing on fewer than 140 days annually, Baltimore City (in the case of Pimlico) or Anne Arundel and Howard counties and the City of Laurel (in the case of Laurel) will receive \$2,800 for each day below the 140-day floor on which live racing is not conducted but when simulcast racing is conducted at the tracks. Under previous law, these subdivisions received a minimum of 140 days of live racing impact aid annually.

In addition, the chapter provided that the combination of live and simulcast impact aid received annually may not be less than the sum allocated for 140 days of live racing impact aid.

Chapter 250 authorized the Maryland Racing Commission to impose a fine against a racing association, up to \$5,000 per day of scheduled racing, for any violation of Article 78B or the regulations of the Maryland Racing Commission.

Chapter 251 increased the takeout on steeplechase or turf racing conducted at Fair Hill from 18% to 22%.

Chapter 278 increased the maximum number of days which may be awarded to a harness licensee in a calendar year from 105 to 260. In addition, the chapter clarified that the Maryland Racing Commission may not award more than 345 days in total in any calendar year to a harness licensee.

Chapter 355 extended the sunset date of the Maryland Racing Commission, the Maryland Standardbred Race Fund Advisory Committee, and the Maryland-Bred Race Fund Advisory Committee to July 1, 2001.

Chapter 399 required that all pari-mutuel tickets from races conducted by harness tracks shall be credited to the Maryland Standardbred Race Fund and allocated to the Maryland Standardbred Sires Stakes Program instead of the racing special fund. The chapter also increased the allocation to the Great Frederick Fair from \$10,000 to \$40,000 from fiscal 1991 through 1994.

1991 Chapter 143 changed the racetrack accountability reporting date from October 1 of each year to 90 days after the end of the licensee's fiscal year.

Chapter 453 permitted out-of-state tracks, with the permission of the Maryland Racing Commission, to create common mutuel pools for the sole purpose of calculating odds and determining payouts. The law does not affect the takeout at either the sending or receiving track.

Chapter 626 increased from 3% to 5% the amount that the Maryland Racing Commission may allocate from the Maryland-Bred Race Fund to races restricted to horses conceived in Maryland.

Chapter 647 repealed Delmarva Downs' existing exemption from the 0.5% State tax and increased from \$166,667 to \$300,000 the maximum total daily handle that Delmarva may maintain to retain an additional takeout. The additional takeout was increased from 1% to 1.75% of all money wagered.

1992 Beginning July 2, racing cards were simulcast from Maryland to New Jersey and Delaware as commingling of pools initiated.

Chapter 473, the Maryland Horse Racing Act of 1992, authorized satellite simulcast betting in Maryland. Racing licensees were authorized to conduct pari-mutuel wagering on any horse race in another state or country. The State tax on horse racing was increased by 1% for each \$50 million increase over \$100 million in total annual handle on thoroughbred races and over \$60 million on harness races operated at satellite simulcast facilities.

Chapter 492 expanded to all horse racing licensees the prohibition against lending money to patrons for pari-mutuel betting.

Chapter 542 included harness drivers when determining which horsemen's organization represented a majority of horseracing participants at a harness racetrack. (The horsemen's organization must grant approval for the implementation of intertrack betting.)

- 1993** Cross-breed simulcasting between thoroughbred and harness tracks began on April 22; full card simulcasting from out-of-state tracks debuted on April 29. Maryland's first off-track betting site, the Cracked Claw Restaurant, started on April 30.

Chapter 3 permitted in-state racetracks to use the takeout employed by an out-of-state racetrack on bets made in Maryland and commingled with the bets made at the out-of-state racetrack on races conducted at that track.

Chapter 102 required that a quorum of the Maryland Racing Commission must hold a new hearing when a hearing committee is unable to reach a unanimous decision in an adjudicatory proceeding.

Chapter 414 provided that the General Assembly must act by statute, instead of joint resolution, when directing the Maryland Racing Commission not to award racing days to a licensee.

- 1994** Maryland Jockey Club President Joseph A. De Francis bought out the ownership interests of Robert and John Manfuso, Jr.

Chapter 149 permitted the Maryland Racing Commission to immediately transfer race days from one track to another in the case of an emergency.

Chapter 371 clarified that licensees with uncashed pari-mutuel tickets must pay the value of the ticket to either the Maryland Standardbred Race Fund or the Maryland Racing Commission.

Chapter 489 increased the number of racing days the Maryland Racing Commission is allowed to award to a licensee from 260 to 310 in a calendar year and increased the total number of racing days in the State from 345 to 450.

Chapter 513/751 allowed the Timonium racetrack to participate in intertrack and satellite simulcast betting, contingent on the agreement of certain other tracks.

- 1995** Cloverleaf Enterprises, Inc. (CEI) purchased Rosecroft and Delmarva Downs with financing from Bally's.

Chapter 75 changed the due date of a licensee's audited financial statement from March 15 of each year to 75 days after the end of the licensee's fiscal year.

Chapter 556 provided for the inclusion of "additional employees" of the Maryland Racing Commission in the pension system for State employees. The licensees must allocate funds for employer contributions from the 0.25% of the handle set aside for racetrack employee benefits.

1996 Chapter 590 raised the breakpoint in the average daily handle from \$300,000 to \$600,000 for determining the amount and distribution of the takeout in harness racing. Delmarva Downs was renamed Ocean Downs.

Chapter 341 eliminated the Maryland Jockey Injury Compensation Fund's three-member board and replaced it with the members of the Maryland Racing Commission.

Chapter 541 required the Comptroller to pay \$75,000 annually from the racing special fund to the Maryland Agricultural Education Foundation, Inc.

1997 May 28: CEI sold Ocean Downs to Bally's, Ocean Downs canceled the intertrack simulcast agreement with thoroughbred tracks; Rosecroft also canceled but extended ongoing agreement until September.

September 1 through October 12: Maryland Jockey Club runs Colonial Downs races; no thoroughbred racing in Maryland.

Chapter 748 required a one-time distribution of \$500,000 from uncashed pari-mutuel tickets from bets made into mutuel pools of mile thoroughbred licensees to the Maryland Million, Ltd. to support and promote the Maryland Million races.

Chapter 749 reduced the number of live racing days required for Ocean Downs to qualify as a receiving track for intertrack betting purposes from 65 to 40.

Chapter 750 reduced the wagering tax from 0.5% to 0.32% and increased the distribution to purses by 0.18% of each mutuel pool for a one-year period beginning June 1, 1997. After the lottery meets the fiscal 1997 general fund revenue estimate, the next \$5 million was allocated to a special fund; 70% of this amount was distributed to purses at mile thoroughbred tracks, and 30% was distributed to purses at harness tracks. A commission is created to study the financial viability of the racing industry.

Chapter 751 made the State responsible for all personnel costs except the pension contribution of "additional employees" of the Maryland Racing Commission; these costs were previously paid by the racetracks via reimbursable special funds.

Chapter 753 increased the number of racing days for harness racing licensees from 450 to 620 and the racing days for thoroughbred licensees from 216 to 266.

1998 Chapter 109 (Budget Bill) authorized (1) a distribution of \$5 million in lottery revenues over \$352.7 million to a special fund for purses and bred funds to a total of \$10 million; (2) a general fund deficiency appropriation for racetrack operation reimbursement of \$1.3 million to implement Chapter 751 of 1997 which made the State responsible for specified Racing Commission personnel.

Chapter 366 extended the sunset regarding the distribution of \$500,000 from uncashed pari-mutuel tickets to the Maryland Million, Ltd., for marketing, purses, and promotional activities related to the running of Maryland Million races from May 31, 1998, to June 30, 1999.

Chapter 477 provided that, for fiscal 1999, any funds remaining in the horse racing special fund be distributed to the Maryland-Bred Race Fund (70%) and the Standardbred Race Fund (30%), rather than the general fund. The State wagering tax rate of 0.32% was extended to June 30, 1999.

Chapter 518 altered reporting requirements for the State Racing Commission. The due date for the annual report was changed from March 1 to September 15. The report was required to include a summary of major events that affected Maryland horse racing, including significant changes at tracks in neighboring states, as well as other specified historical data.

Chapter 519 required that, for fiscal 1998, the first \$5 million of revenue from the State lottery over \$352.7 million for fiscal 1998 be distributed to a special fund to be used to increase purses at harness racing tracks, mile thoroughbred tracks, and Timonium Race Course, and to supplement existing bred funds. The Governor was authorized to request a deficiency appropriation for the difference during the 1999 session if an excess of \$5 million was not realized. The expenditure of \$5 million of appropriated aid was directed to the horse racing industry.

1999 Chapter 118 (Budget Bill) authorized a \$100,000 grant to the Alliance of Southern Prince George's Communities for Rosecroft Raceway.

Chapter 168 extended the sunset regarding the distribution of \$500,000 from uncashed pari-mutuel tickets to the Maryland Million, Ltd., for marketing, purses, and promotional activities related to the running of Maryland Million races from June 30, 1999, to June 30, 2001. Chapter 168 also required a one-time distribution of \$10 million of net fiscal 1999 lottery revenues in excess of \$352.2 million (that would otherwise be paid to the general fund) to a special fund to increase purses at race tracks and to supplement existing bred funds. If lottery revenues did not provide the \$10 million, the Governor was authorized to request a deficiency appropriation during the 2000 session to make up the difference. Finally, Chapter 168 authorized a mile thoroughbred racing license in Allegany County and modifies the number of racing days for which the Maryland Racing Commission may authorize a licensee to conduct thoroughbred racing.

Chapter 265 authorized the Maryland Racing Commission to award up to the number of harness racing days requested by an applicant for a harness racing license and repealed the limitations specifying no more than 310 racing days per licensee and no more than 620 racing days for all licensees.

Chapter 291 provided that, for fiscal 2000, any funds remaining in the horse racing special fund shall be distributed to the Maryland-Bred Race Fund (70%) and the Standardbred Race Fund (30%), rather than the general fund. The State wagering tax rate of 0.32% was extended to June 30, 2000.

Chapter 321 increased the annual grant that is paid from the Horse Racing Special Fund to the Maryland Agricultural Fair Board in order to promote State and county agricultural fairs and exhibits from \$600,000 to \$825,000.

Chapter 565 provided that the chair of the Maryland Racing Commission would nominate one member to represent each harness racing licensee on the Maryland Standardbred Race Fund Advisory Committee. In addition, the five-member requirement for the committee was eliminated and the number of committee members to vary in accordance with the number of harness racing licensee members was allowed.

2000 Chapter 269 extended the sunset date for provisions of the Business Regulation Article related to the Maryland Horse Racing Act from July 1, 2001, to July 1, 2011, and required an evaluation of the Maryland Racing Commission, the Maryland-Bred Race Fund Advisory Committee, and the Maryland Standardbred Race Fund Advisory Committee on or before July 1, 2010. The Maryland Racing Commission was required to inspect satellite simulcast facilities at least four times each year to determine if the permit holders are complying with the requirements of their permits. Inspections must include evaluations of the financial and physical conditions of each satellite simulcast facility.

Chapter 309 established the Maryland Racing Facility Redevelopment Program in the State Racing Commission to assist horse racing facilities with capital improvements. Chapter 309 (1) provided for the financing of the program; (2) required a one-time distribution of \$10 million from excess lottery funds or general funds to support the industry; and (3) extended the State wagering tax of 0.32% and the distribution of funds to bred funds and purses. The Act also modified authorized racing times, specified how a track in Allegany County could send racing signals, and recodified certain provisions of law, including the Maryland Million Race and the Standardbred Sire Stakes program.

To carry out the program, the State Racing Commission was required to review racing facility master plans submitted by “eligible racing licensees” and submit requests from those licensees to the Stadium Authority for approval to use proceeds from bonds issued by the Maryland Economic Development Corporation (MEDCO) for capital improvements or related expenditures.

Chapter 309 also established the Racing Facility Redevelopment Bond Fund as a nonlapsing revolving fund to be used to (1) pay the debt service on bonds issued by MEDCO; and (2) cover the reasonable charges and expenditures incurred by the authority and MEDCO pursuant to the Act. Revenues to the fund include (1) increases in takeout from bets placed on thoroughbred races, as provided by the Act; (2) allocation of takeout from bets placed on thoroughbred and specified harness races, as provided by the Act; (3)

funds from uncashed pari-mutuel tickets (which were formerly paid into the horse racing special fund), beginning in fiscal 2002; (4) revenues from investment of the new fund; and (5) any other revenue, gift, or donation made.

If revenue bonds were not issued by a specified date, a licensee was required to notify MEDCO of its intent to use its share of funds in the bond fund. To do so, a licensee was required to submit a multiyear racing facility improvement plan to the Governor for approval.

- 2001** Allegany Racing Association was issued a thoroughbred track license by the Maryland Racing Commission for a track to be constructed in Allegany County.

Chapter 102 (Budget Bill) authorized the transfer of \$1.7 million to the Maryland Agricultural Fair Board and to grants for racing impact aid.

Chapter 512 required that for fiscal 2002, lottery revenues be distributed to the Horse Racing Special Fund to replace payments made to the Racing Facility Redevelopment Bond Fund pursuant to the Racing Act of 2000, unless otherwise provided in the budget. The amount of lottery funds distributed to the special fund was required to be equivalent to the payments made to the bond fund.

Chapter 551 repealed the provision of law applying to the Maryland Horsemen's Assistance Fund, Inc. and established the Maryland Horsemen's Assistance Fund, Inc. and the Maryland Standardbred Horsemen's Assistance Fund, Inc.

- 2002** Magna Entertainment Corporation purchased 51% equity and voting interest in the Maryland Jockey Club of Baltimore City, Inc. and a 51% voting and 58% equity interest in the Laurel Racing Association Limited Partnership.

Chapter 440, the Budget Reconciliation and Financing Act of 2002 (BRFA), transferred \$4.5 million from the Racing Redevelopment Bond Fund to the horse racing special fund for purse enhancements and \$3.7 million from the bond fund to the general fund.

- 2003** Legislation authorizing video lottery terminals (VLTs) at Maryland horse racing tracks dominates the discussion during the 2003 session of the General Assembly and passes the Senate; however, no legislation is enacted.

Chapter 202 (Budget Bill) authorized a reduction of \$2.0 million from the Maryland Racing Redevelopment Program contingent upon the passage of legislation changing the allocation of revenue from uncashed pari-mutuel tickets.

Chapter 203, the Budget Reconciliation and Financing Act of 2003, transferred \$1.7 million from the Racing Commission (Redevelopment Bond Fund) to the general fund. Chapter 203 also included a \$1.5 million reversion to the fiscal 2003 budget to cover the transfer made in the 2002 BRFA.

2004 The Senate again passes legislation that would authorize VLTs at some or all of Maryland's horse racing tracks, but that legislation fails in the House Ways and Means Committee.

Chapter 430, the Budget Reconciliation and Financing Act of 2004, transferred \$415,100 that would otherwise have been allocated to the bred funds from the horse racing special fund to the general fund.

Chapter 97 repealed the Maryland Racing Facility Redevelopment Program that was enacted in 2000. In addition, provisions of the Racing Act of 2000 that were scheduled to sunset upon repayment of any issued bonds were changed to reflect their status prior to passage of the Racing Act of 2000.

2005 The House of Delegates and the Senate each pass bills that would authorize VLTs at some or all of Maryland's horse racing tracks, but no consensus can be reached and no legislation is enacted.

Chapter 153 increased from 22% to 25% the takeout that the Cecil County Breeders' Fair, Inc., or its successor must deduct from the handle for races held at the Fair Hill Natural Resources Management Area. From the 25% take out, Chapter 253 increased from 8% to 9% the amount that is paid to the State Racing Commission to be credited to the Fair Hill Improvement Fund.

Chapter 410 provided that the cumulative receipts of at least \$1.04 million in the former Racing Facility Redevelopment Bond Fund be distributed to a special fund to be used for purses for the running of the Pimlico Special and for purses at Rosecroft Raceway. Chapter 410 also altered the distribution of specified funds from the horse racing special fund by requiring that after distributions to State and local fairs, purses, local impact aid, and specified agricultural boards the following amounts are distributed annually: (1) \$300,000 to the Maryland-Bred Race Fund (70%) and the Maryland Standardbred Race Fund (30%); and (2) \$260,000 to the Maryland Agricultural Education and Rural Development Assistance (MAERDA) Fund, with \$130,000 being allocated to support the operations of the Rural Maryland Council. In addition, after all required distributions are made, Chapter 410 required any money remaining in the horse racing special fund to be split evenly between the MAERDA and the bred funds.

Chapter 603 established an 11-member Pimlico Community Development Authority to distribute funds received to pay for facilities and services in Baltimore City communities within two miles of the Pimlico Race Course. Under Chapter 603, 80% of the local impact aid that is paid to Baltimore City from the horse racing special fund is required to be paid instead to the authority.

2006 New revenue sharing agreement between the Maryland Jockey Club and Cloverleaf Enterprises takes effect in April, effective through 2021.

Chapter 81 extended the period of time within which a horse racing track licensee is required to submit specified financial information to the Maryland Racing Commission to 90 days following the end of a licensee's fiscal year.

Chapter 180 authorized Maryland to enter into an interstate compact with other jurisdictions for the licensure of participants in live horse racing with pari-mutuel racing.

Chapter 590 authorized the Maryland Racing Commission to approve the running of a Maryland-bred race at a thoroughbred track outside the State.

Glossary of Useful Terms

Added Money – Money added to the purse of a race by the racing association or a breeding or other fund to the amount paid by owners in nomination, eligibility, entry, and starting fees: The \$500,000-added Kentucky Derby.

Allowance Race – A race for which the racing secretary drafts certain conditions to determine weights to be carried based on the horse's age, sex, and/or past performance.

Also-Eligible – A horse officially entered for a race but not permitted to start unless the field is reduced by scratches below a specified number.

Announcer – Person who calls the position of the horses as they race, sometimes referred to as caller.

Apron – The (usually) paved area between the grandstand and the racing surface.

Asterisk (*) – The asterisk has many uses, but in front of the odds of a horse in the racing form, the asterisk indicates the horse went off as a favorite.

Average-Earnings Index (AEI) – A breeding statistic that compares racing earnings of a stallion or mare's foals to those of all other foals racing at that time. An AEI of 1.00 is considered average, 2.00 is twice the average, 0.50 half the average, etc.

Backside – Stable area, dormitories, and often times a track kitchen, chapel, and recreation area for stable employees. Also known as "backstretch," for its proximity to the stable area.

Backstretch – (1) Straight portion of the far side of the racing surface between the turns. (2) See backside.

Beyer Number – A handicapping tool, popularized by author Andrew Beyer, assigning a numerical value (speed figure) to each race run by a horse based on final time and track condition. This enables different horses running at different race tracks to be objectively compared.

Bleeder – A horse that bleeds from the lungs after exertion.

Blinkers – Headpiece or blinders restricting side vision of the horse.

Blow Out – A short, timed workout, usually a day or two before a race, designed to sharpen a horse's speed.

Bolt – Veering abruptly from straight course.

Bottom Line – A thoroughbred’s breeding on the female side. The lower half of an extended pedigree diagram.

Breakage – In pari-mutuel betting, the odd cents left over, after paying the successful bettors to the nearest \$0.10.

Breakdown – When a horse cannot run because of a physical injury; becomes lame.

Break Maiden – Horse or rider winning the first race of its career. Also known as “earning a diploma.”

Breeze – Fast workout of a horse. Clocker can get an official time from a breeze. One clocked or published work out is required before a horse can race.

Bug Rider – Jockey who is an apprentice. Bugs are indicated in the program by asterisks.

Buy-Back – A horse put through a public auction that did not reach a minimum (reserve) price set by the consignor and so was retained. The consignor must pay a fee to the auction company based on a percentage of the reserve, to cover the auction company’s marketing, advertising, and other costs.

Calk (Caulks) – A projection on the heels of a horseshoe, similar to a cleat, on the rear shoes of a horse to prevent slipping, especially on a wet track. Also known as a “sticker.”

Chalk – Wagering the favorite in a race.

Change Leads – Horse changes stride to lead with opposite leg.

Chart – A statistical “picture” of a race (from which past performances are compiled) that shows the position and margin of each horse at designated points of call (depending on the distance of the race), as well as the horse’s age, weight carried, owner, trainer, jockey, and the race’s purse, conditions, payoff prices, odds, time, and other data.

Chutes – An extension to the track making a straight-away run, so that horses do not have to make an immediate turn when they run a race. Chutes are usually used for a three-furlong race where two-year-olds begin to race.

Claiming Price – The predetermined price at which a horse in a claiming race must be sold, if it is claimed.

Claiming Race – A race in which each horse entered is eligible to be purchased at a set price. Claims must be made before the race and only by licensed owners or their agents who have a

horse registered to race at that meeting or who have received a claim certificate from the stewards.

Classification – Alw 12000	An allowance with purse value of \$12,000.
CIm 10000	A claiming race, entered for \$10,000.
Stk 50000	A stake race with a purse of \$50,000.
Md Allow	A maiden race (horses which have never won a race) allowance.
Md Sp Wt	A maiden race where special weights will be assigned.

Clerk of Scales – Person employed by the track with responsibility to weigh each jockey before each race to verify that the horse will be carrying its assigned weight. Also, after each race, the jockey is weighed.

Clocker – At the race track, the timer who records the workouts of horses.

Colt – An ungelded (entire) male horse four-years-old or younger.

Commingle – Combining mutuel pools from off-track sites with the host track.

Condition Book – Book issued by the racing secretary and officers of each track. The book explains in detail rules and regulations regarding eligibility for entering races. Each day’s racing conditions are spelled out for the program of the day.

Cool Out – Walking a horse when hot after a race or workout to cool it down.

Coupled – Two horses entered by the same trainer to compete in a race. Listed in the program as 1 and 1A; if two trainers couple horses, they are listed as 2 and 2X.

Crop – Jockey’s whip, sometimes referred to as a bat.

Crowding – One horse forcing another horse to the inside of the track.

Dam – Mother of a horse.

Dark – There is no racing on a dark day.

Dead Heat – Two or more horses are tied at the finish of the race. If tied for first, the purse for the first and second will be divided equally. The same applies for other ties.

Distanced – Horse so far behind the rest of the field of runners that it is out of contact and unable to regain a position of contention.

Dogs – Rubber traffic cones (or a wooden barrier) placed at certain distances out from the inner rail, when the track is wet, muddy, soft, yielding, or heavy, to prevent horses during the workout

period from churning the footing along the rail. Used in the phrase “the dogs are up,” or simply, “dogs up.”

Double Entry – Two or more horses owned by same stable entered in the same race and coupled for betting.

Driving – Horse finishing strong at the end of a race.

Eighth – A furlong (660 ft. or one-eighth of a mile).

Engagement – (1) Stakes nomination. (2) Riding commitment.

Exercise Rider – Rider who goes from stable to stable to exercise and work horses.

Fast Track – Best condition of track.

Fee – (1) Amount paid to a jockey for riding in a race. (2) The cost of nominating, entering, or starting a horse in a stakes race.

Field – The horses in a race.

Filly – Young female horse up to age five.

First Flight – First group of horses breaking from the gate.

Flat Track – Track on which thoroughbred horses race, as opposed to harness races.

Foal – (1) A horse of either sex in its first year of life. (2) As a verb, to give birth. Also known as “dropped.” (3) Can also denote the offspring or either a male or female parent – She is the last foal of Secretariat.

Foal Papers – The Jockey Club in New York has on file names and descriptions of each horse. These papers must be kept on file at the race track when the horse is racing.

Fractional Time – Intermediate times recorded in a race, as at the quarter, half, three-quarters, etc. The “quarter time,” for example, refers to the time after the first quarter-mile, not the first 25% of the race.

Furlong – One-eighth of a mile (660 ft.). Race distances are measured by furlongs.

Gait – The characteristic footfall pattern of a horse in motion. Thoroughbreds have four natural gaits – walk, trot, canter, and gallop. Thoroughbreds compete at a gallop.

Gate Carded – When the starter at a track ok's a horse as having the ability to break from the gate without endangering other horses.

Gelding – A male horse of any age that has been neutered by having both testicles removed (“gelded”).

Gimmick Bet – A track-structured bet on combinations of horses and/or races, as daily doubles, perfectas, etc.

Graded Race – Established in 1973 to classify select stakes races in North America, at the request of European racing authorities, who had set up group races two years earlier. Always denoted with Roman numerals I, II, or III. Capitalized when used in race title (the Grade I Kentucky Derby). See group race.

Graduate – (1) Winning for the first time, horse or rider. (2) A horse that has moved up to allowance, stakes, or handicap racing.

Grooms – Stable hands hired by the trainer. They feed and water horses, wash them down, bandage their legs, etc. Grooms walk horses from the backside to the track when a horse is to run.

Group Race – Established in 1971 by racing organizations in Britain, France, Germany, and Italy to classify select stakes races outside North America. Collectively called “pattern races.” Equivalent to North American graded races. Always denoted with Arabic numerals 1, 2, or 3. Capitalized when used in race title (the Group 1 Epsom Derby). See graded race.

Half Mile – Four furlongs.

Hand – Four inches. A horse's height is measured in hands and inches from the top of the shoulder (withers) to the ground, *e.g.*, 15.2 hands is 15 hands, 2 inches. Thoroughbreds typically range from 15 to 17 hands.

Handicap – To consider all the variables and try to select a winner of a race.

Handicap race – Race in which weights carried on horses are adjusted to equalize the horses' chances of winning.

Handle – Total money bet, either in terms of one day or total meet.

Harness Racing – Racing with standardbred horses which either trot or pace, in harness, pulling a driver riding a sulky.

Herdling – Horse forcing another to the outside of the track during a race.

Hit the Board – Those horses which numbers appear on the tote board as first, second, third, and fourth. The first three finishers affect payoffs.

Homestretch – The stretch in front of the grandstand from the final turn to the finish.

Hot Walkers – Stable hands who cool horses down gradually by walking the horses. If this is not done, the horse may catch cold. There are electrically powered hot walker machines, with leads extending from four to six positions. Horses are forced to walk at the pace set.

In Jail – After a horse is claimed, the horse cannot run for 30 days for the same claiming price unless the horse is “stepped up” to a higher price.

Jockey – Person who rides a horse in a race.

Jockey Agent – (or jockey’s agent) – A person employed by a jockey to secure mounts for him.

Jog – Slow gait of horse.

Jumper – Steeplechase or hurdle horse.

Juvenile Stakes – Stake race for two-year-olds.

Key Horse – A single horse used in multiple combinations in an exotic wager.

Lip Tattoo – Before a horse can race, it is assigned a tattoo number, and this number is tattooed on its upper lip. This becomes a permanent identification for that horse.

Listed Race – A stakes race just below a group race or graded race in quality.

Longshot – Horse paying good odds (ten to one or better).

Maiden – Horse which has never won a race. When either a male or female horse “breaks its maiden,” it has won its first race.

Mare – Female horse five-years-old or older.

Minus Pool – A mutuel pool caused when a horse is so heavily played that after deductions of state tax and commission, there is not enough money left to pay the legally prescribed minimum on each winning bet. The racing association usually makes up the difference.

Morning Line – Early estimate of probable odds handicapped by the track handicapper. These odds are listed in the program.

Mudder – Horse that races well on muddy tracks. Also known as a “mudlark.”

Mutuel Pool – In pari-mutuel betting, the total amount bet on any race, or on any day, or at any meeting.

Neck – Measuring distance between horses in race.

Nomination – The naming of a horse for a stakes race well in advance of the race. A set fee is paid on the nomination of a horse, and other fees are paid at stated intervals.

Nominator – One who owns horse at the time it is named to compete in a stakes race.

Objection – Claim of foul lodged by rider, patrol judge, or other official after the finishing of a race. If lodged by official, it is called an inquiry.

Odds On – In betting, when odds are less than even.

Outrider – Employed by track to prevent horses from acting up, running away, or getting out of control before, during, or after a race.

Overlay – A horse going off at higher odds than it appears to warrant based on its past performances.

Overnights – A sheet published by the racing secretary’s office listing the entries for an upcoming racing card.

Pacer – A standardbred horse which races by moving with a lateral gait (both legs in unison, then both right legs).

Pari-Mutuels – A form of wagering originated in 1865 in which all money bet is divided up among those who have winning tickets, after taxes, takeout and other deductions are made.

Placing Judge – A racing association official who, with the other placing judges, decides the placement of the horses in their order of finish in a race.

Pool – Money bet on race in each pool—win/place/show.

Post Position – The position from which a horse starts a race—from inside rail, which is position #1 and outward. Most starting gates have 12 positions.

Post Time – Designated time for a race to start.

Purse – The total monetary amount distributed after a race to the owners of the entrants who finished in the (usually) top four or five positions. Some racing jurisdictions may pay purse money through other places.

Race meeting – The period of days during which races are run at any specified race track.

Racing Chemist – An analytical chemist whose duty it is to analyze saliva, urine, and blood samples of horses which have just completed a race (usually the winners) to insure that such samples are free from forbidden substance, such as narcotics, stimulants, and the like.

Runners – People employed by the track to place the patron's bet at the windows and collect bets for that person.

Saddle Cloth – A cotton cloth, which goes under the saddle to absorb sweat. It usually has a horse's program number and sometimes, in major races, its name.

Scratched – Eliminated from race and not running when officially entered. A horse can be scratched by the veterinarian, jockey, trainer, or owner.

Set Down – Jockey suspended or "given days" for specific length of time.

Shed Row – Expression used for row of stables, which house horses on backside of track.

Silks – Jockey's shirt made of heavy, rugged nylon, easily laundered, and quick to dry. Displays the color and patterns which are registered by the owner and with the Jockey Club.

Sire – (1) The male parent. (2) To beget foals.

Speed Rating – Comparison of one horse's time with 100 par track record and 100 par track condition.

Spit Box – After a race is run, the urine of the horse is tested to determine what and how much medication may have been used. This area is called the "spit box" because in the past, horses were made to spit for this test.

Stakes Race (Stakes) – A race for which the owner usually must pay a fee to run a horse. The fees can be nominating, maintaining eligibility, entering and starting, to which the track adds more money to make up the total purse. Some stakes races are by invitation and require no payment or fee.

Stallion – A male horse used for breeding.

Standardbred – Pedigreed horse whose ancestry must have been standard and registered for generation. "Standard" originally meant that the horse had to race up to a certain set "standard" of speed.

Starting Gate – Partitioned mechanical device having stalls in which the horses are confined until the starter releases the stalls' confined front doors to begin the race.

State-bred – A horse bred in a particular state and thus eligible to compete in races restricted to state-breds.

Steward – The word “steward” or “stewards” means steward of the race meeting. Usually there are three, and it is their duty to see that the race meeting is run according to the rules of racing. They are judges of all matters of fact with respect to the conduct of a race meeting, but their decisions are subject to appeal to the state racing commission.

Stretch – Part of the track after the horse makes the last turn for home and the finish line.

Stud Fee – Sum paid to stallion owner for the use of the stallion to sire a foal.

Sulky Track – Track on which standardbred horses race with a sulky cart.

Tack – Any special equipment for riding and caring for a horse.

Take (Take Out) – Commission deducted from mutuel pools which is shared by the track, horsemen (in the form of purses), and local and state governing bodies in the form of a tax.

Thoroughbred – A thoroughbred is a horse whose parentage traces back to any of the three “founding sires,” the Darley Arabian, Byerly Turk, and Godolphin Barb, and who has satisfied the rules and requirements of the Jockey Club and is registered in “The American Stud Book” or in a foreign stud book recognized by the Jockey Club and the International Stud Book Committee. Any other horse, no matter what its parentage, is not considered a thoroughbred for racing and/or breeding purposes.

Tip Sheet – Professional handicappers pick horses they think will win and sell sheets at the track.

Top Line – (1) A thoroughbred's breeding on its sire's side. (2) The visual line presented by the horse's back.

Totalizator – An automated pari-mutuel system that dispenses and records betting tickets, calculates and displays odds and payoffs, and provides the mechanism for cashing winning tickets. Often shortened to “tote.”

Tote Board – The (usually) electronic totalizator display in the infield which reflects up-to-the-minute odds. It may also show the amounts wagered in each mutuel pool as well as information such as jockey and equipment changes, etc.

Trace Bias – A racing surface that favors a particular running style or position. For example, a track bias can favor either front-runners or closers or horses running on the inside or outside.

Trainer – An individual who supervises and cares for the race horses in his charge. In most cases it is their duty to enter horses in races which suit the horses. In most jurisdictions, a trainer is licensed by the racing commission or governing body of racing.

Trotter – A standardbred horse which races with a diagonal gait (left front and right rear leg, then front, left rear leg).

Turf – Grass track on the inside of the main track.

Valet – Person assisting jockeys and trainers in saddling horses in the paddock and who keeps equipment in order.

Walking Ring – Area where horses parade before each race and area where jockeys mount their horses.

Weanling – A foal which is a suckling ready to be weaned (separated from its mother). A foal is usually weaned when it is approximately six months old.

Yearling – A horse which is one year old. January 1 after the year of the birth of a foal is the birthday for all thoroughbred horses. On January 1 a foal becomes a yearling, and on the following January 1, it becomes a two-year-old, etc.

Some Common Wagers

Across the Board – A bet on a horse to win, place, and show. If the horse wins, the player collects three ways; if second, two ways; and if third, one way, losing the win and place bets. Actually three wagers.

Box – To bet on two horses to come in first and second in either order.

Daily Double – You are a winner if your selected horses win two consecutive races.

Exacta – You are a winner if your selected horses finish first and second in exact order in a race.

Exotic – Any wager other than win, place, or show. For the mathematically inclined, the amount of combinations in any exotic wager can be figured by the formula $n!/(n-a!)$, where n is the number of horses in your wager and a is the number of finishers in the wager (two in an exacta, three in a trifecta, etc.)

Pick 3 – You are a winner if your selected horses come in first in three designated, usually consecutive, races.

Place – You are a winner if your horse finishes first or second.

Quinella – You are a winner if your selected horses finish first and second in any order of finish in a race.

Show – You are a winner if your horse finishes first, second, or third.

Superfecta – You are a winner if your selected horses come in first, second, third, and fourth in exact order of finish in a race.

Trifecta Race – You are a winner if your selected horses finish first, second, and third in exact order of finish in a race.

Twin Trifecta – You are a winner if your selected horses come in first, second, and third in two designated races.

Win – The most common of all wagers. You are a winner if your horse finishes first.