

SENATE BILL 627

C6, C7

4lr1614

By: **Senator McKay**

Introduced and read first time: January 26, 2024

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Horse Racing – Satellite Simulcast Betting – Alterations**

3 FOR the purpose of transferring the regulation of satellite simulcast betting facilities in
4 the State from the State Racing Commission to the State Lottery and Gaming
5 Control Agency; altering the definition of “satellite simulcast betting”, for purposes
6 of provisions of law governing satellite simulcast betting and permits to hold satellite
7 simulcast betting, to authorize pari-mutuel betting at a satellite simulcast facility
8 in the State on a race that is simulcast from a sending track located in certain states;
9 repealing certain limitations on the location and operation of satellite simulcast
10 facilities; authorizing certain satellite simulcast betting facilities to own or lease, and
11 operate, pari-mutuel betting equipment under certain circumstances; providing that
12 all money bet at a satellite simulcast facility where the sending track is licensed in
13 another state is subject to the State racing tax; and generally relating to horse racing
14 and satellite simulcast betting.

15 BY repealing and reenacting, with amendments,
16 Article – Business Regulation
17 Section 11–210(b), 11–815 through 11–820, 11–822 through 11–826, 11–828, 11–831,
18 and 11–832
19 Annotated Code of Maryland
20 (2015 Replacement Volume and 2023 Supplement)

21 BY repealing and reenacting, without amendments,
22 Article – Business Regulation
23 Section 11–821 and 11–827
24 Annotated Code of Maryland
25 (2015 Replacement Volume and 2023 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
27 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Business Regulation

11–210.

(b) The Commission may not adopt regulations that allow:

(1) racing a breed of horse not now authorized by law; or

(2) holding currently unauthorized:

(i) intertrack betting; **OR**

(ii) [off–track betting; or

(iii)] telephone betting other than telephone account betting.

11–815.

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

(b) **“AGENCY” MEANS THE STATE LOTTERY AND GAMING CONTROL AGENCY.**

(c) **“Permit”** means a permit granted under this part to hold satellite simulcast betting.

[(c)] (D) “Satellite simulcast betting” means:

(1) pari–mutuel betting at a satellite simulcast facility in the State on a race that is simulcast from a sending track by:

(I) a mile thoroughbred racing licensee, a harness racing licensee, or the State Fair Society; **OR**

(II) AN ENTITY LICENSED TO CONDUCT HORSE RACING IN DELAWARE, PENNSYLVANIA, VIRGINIA, OR WEST VIRGINIA; and

(2) transmission of the pari–mutuel information regarding bets at the satellite simulcast facility to the sending track.

11–816.

(a) The [Commission] **AGENCY** may approve satellite simulcast facilities that may conduct satellite simulcast betting.

(b) This part does not authorize satellite simulcast betting at or through the direct use of lottery terminals in the State.

(c) The Commission has jurisdiction over all satellite simulcast betting and other activities at a satellite simulcast facility to the same extent as when live racing is held by a licensee.

11–817.

(a) A person must have a permit granted by the [Commission] AGENCY whenever the person holds satellite simulcast betting.

(b) (1) Except as provided in paragraph (2) of this subsection, nothing in this Part III of this subtitle may preempt local zoning laws or ordinances.

(2) The use of a facility for satellite simulcast betting is not required to be submitted to or approved by any county or municipal zoning board, authority, or unit if the facility is properly zoned and operating for the following activities:

(i) operation of a video lottery facility;

(ii) operation of a sports wagering facility; or

(iii) operation of electronic bingo or electronic tip jar machines.

11–818.

(a) Any person may apply for a permit.

(b) An applicant for a permit shall submit to the [executive director] DIRECTOR of the [Commission] AGENCY an application in the form that the [Commission] AGENCY requires.

(c) Except as provided in subsection (e) of this section, the [Commission] AGENCY shall conduct a personal and financial background check of an applicant for a permit including:

(1) a review, by a certified public accountant, of the certified financial statements of the applicant, including contingent or pledged liabilities, sufficient to determine the ability of the applicant to purchase or lease, and develop and maintain the satellite simulcast facility for which the permit is sought;

(2) an income statement of the applicant for the most recent year;

(3) a statement of financial and related records of any person in which the applicant has at least a majority interest;

(4) a disclosure of all financial interests in horse racing and any other legalized betting activity;

(5) the disclosure of each person who is a beneficial owner of the applicant;

(6) with the assistance of federal, State, and local law enforcement authorities, a criminal background review; and

(7) a character review.

(d) The **[Commission] AGENCY** shall adopt regulations establishing uniform procedures for conducting the personal and financial background check required by this section.

(e) The **[Commission] AGENCY** may waive all or any portion of the review that it determines to be appropriate for any applicant that is:

(1) a licensee;

(2) a video lottery operation licensee under Title 9, Subtitle 1A of the State Government Article; or

(3) a sports wagering facility licensee under Title 9, Subtitle 1E of the State Government Article.

11–819.

(a) The factors that the **[Commission] AGENCY** shall consider in deciding whether to grant a permit shall include:

(1) the needs and convenience of the public;

(2) whether the satellite simulcast facility:

(i) would be expected to interfere unreasonably with attendance at tracks; and

(ii) meets the requirements of § 11–825(a) of this subtitle;

(3) the desires of the political subdivision where the proposed satellite simulcast facility is to be located;

(4) the interests of the racing industry; and

(5) other matters that the **[Commission] AGENCY** finds appropriate.

(b) Before granting a permit, the **[Commission] AGENCY** shall:

(1) hold a public hearing within 10 miles of the proposed satellite simulcast facility;

(2) advertise the date, time, and location of the public hearing in a local publication at least 30 days before the public hearing;

(3) provide written notice of the date, time, and location of the public hearing to each of the Senators, Delegates, and county-elected officials that represent the jurisdiction within which the proposed satellite simulcast betting facility is to be located;

(4) post notice of the public hearing on the [Commission's Web site] **AGENCY'S WEBSITE** at least 30 days before the public hearing;

(5) require the applicant, at least 30 days before the public hearing, to post a sign in a conspicuous location at the facility for which the application for the permit was submitted stating that an application is pending for use of the facility for satellite simulcast betting and specifying the date, time, and location of the public hearing; and

(6) request from the applicant a list of community associations that were notified of the public hearing.

11-820.

(a) The [Commission] **AGENCY** shall grant a permit to each applicant whose application the [Commission] **AGENCY** approves after the applicant pays the permit fee that the [Commission] **AGENCY** requires.

(b) A permit shall state the specific location where the permit applies.

(c) If the [Commission] **AGENCY** approves, an applicant for a permit may change the location for which a satellite simulcast facility is being applied.

11-821.

A permit entitles the holder to hold satellite simulcast betting at the satellite simulcast facility specified in the permit, but does not give the permit holder an ownership right to the permit or the simulcast signal.

11-822.

(a) The [Commission] **AGENCY** shall set the term of each permit.

(b) If the [Commission] **AGENCY** approves, a permit may be transferred to another person if:

(1) the satellite simulcasting facility remains at the same location; and

(2) the person complies with all regulations of the Commission established under § 11–316 of this title for the purchase or transfer of an entity licensed to conduct racing.

11–823.

[A] THE AGENCY SHALL ADOPT REGULATIONS REQUIRING A permit holder **[shall] TO** keep records of ownership and submit annual reports of ownership **[as required under] IN A MANNER CONSISTENT WITH § 11–314** of this title.

11–824.

[Applicants for and holders of permits are subject to] THE AGENCY SHALL ADOPT REGULATIONS CONCERNING the denial of **[license] LICENSES** and disciplinary provisions **[of] THAT ARE CONSISTENT WITH § 11–308** of this title.

11–825.

(a) A satellite simulcast facility:

(1) shall be in premises owned or leased by a permit holder; **AND**

(2) **[may not be within a 35–mile radius of any mile thoroughbred track or harness track unless approved by the track licensee, the group that represents a majority of the applicable owners and trainers licensed in the State and the group that represents a majority of the applicable breeders in the State, considered separately;**

(3) unless the track agrees otherwise, may not operate during hours on those days that racing with pari–mutuel betting is permitted at a racetrack located in this State within a 35–mile radius of the satellite simulcast facility; and

(4) shall offer pari–mutuel betting facilities and amenities that the **[Commission] AGENCY** finds are appropriate for the area where the satellite simulcast facility is located.

(b) (1) **(I) [A] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, A** mile thoroughbred racing licensee **[or], a harness racing licensee, OR AN ENTITY LICENSED TO CONDUCT HORSE RACING IN DELAWARE, PENNSYLVANIA, VIRGINIA, OR WEST VIRGINIA:**

[(i)] 1. shall own or lease the pari–mutuel betting equipment at a satellite simulcast facility; and

1 [(ii)] 2. except as provided in paragraph (2) of this subsection,
2 shall, with its employees, operate the equipment.

3 (II) A SATELLITE SIMULCAST FACILITY WITH AN AGREEMENT
4 OR CONTRACT WITH A SENDING TRACK IN ANOTHER STATE MAY:

5 1. OWN OR LEASE THE PARI-MUTUEL BETTING
6 EQUIPMENT; AND

7 2. EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
8 SUBSECTION, OPERATE THE EQUIPMENT.

9 (2) (i) In this paragraph, “sports wagering licensee” has the meaning
10 stated in § 9–1E–01 of the State Government Article.

11 (ii) Subject to the approval of the Commission and the State Lottery
12 and Gaming Control Commission:

13 1. a self-service kiosk at a satellite simulcast facility that is
14 located in a sports wagering facility may accept both satellite simulcast bets and sports
15 wagers, provided that the kiosk separately accounts for the different types of wagers and
16 meets all specifications and requirements established by regulation by the State Lottery
17 and Gaming Control Commission; and

18 2. a mile thoroughbred racing licensee or a harness racing
19 licensee may enter into an agreement with a sports wagering licensee authorizing the
20 employees of the sports wagering licensee to operate the pari-mutuel betting equipment
21 and to accept pari-mutuel bets on horse racing in a satellite simulcast facility.

22 (c) A mile thoroughbred racing licensee or a harness racing licensee shall submit
23 to the [Commission] AGENCY all contracts and agreements relating to satellite simulcast
24 betting under this subtitle.

25 (d) (1) The [Commission] AGENCY shall periodically be assured by permit
26 holders that facilities continue to meet the requirements of this section.

27 (2) (i) The [Commission] AGENCY shall inspect satellite simulcast
28 facilities at least four times each year to determine if the permit holders are continuing to
29 comply with the provisions of this section.

30 (ii) The inspections under this subsection shall include evaluations
31 of the financial and physical conditions of each satellite simulcast facility.

32 (3) If the [Commission] AGENCY finds that a permit holder is not
33 complying with the provisions of this section, the [Commission] AGENCY may impose a

penalty on the permit holder similar to those penalties levied on licensees as provided under § 11–308 of this title.

11–826.

(a) **[All] FOR A SATELLITE SIMULCAST FACILITY WHERE THE SENDING TRACK IS IN THE STATE:**

(1) **ALL** money bet at a satellite simulcast facility shall be included in the applicable mutuel pools at the sending track[.]; **AND**

[(b)] (2) **[Except] EXCEPT** as provided in § 11–827 of this part, the breakage, State tax, and takeout on all satellite simulcast betting shall be computed in the way normally applicable to pari–mutuel betting on a race at the sending track.

(B) FOR A SATELLITE SIMULCAST FACILITY WHERE THE SENDING TRACK IS LICENSED IN ANOTHER STATE, ALL MONEY BET AT THE SATELLITE SIMULCAST FACILITY SHALL BE SUBJECT TO THE STATE TAX.

11–827.

After the respective portions have been retained by each person listed below, those persons may allocate, from the takeout at the satellite simulcast facility, the costs of operating a satellite simulcast facility and holding satellite simulcast betting:

(1) the licensee of the sending track, from the licensee’s share;

(2) the group that represents a majority of the applicable owners and trainers licensed in the State, from the purse share; and

(3) the group that represents a majority of the applicable breeders in the State, from the bred fund share.

11–828.

(a) A satellite simulcast facility shall transmit directly to the sending track **IN THE STATE** all pari–mutuel information about the money bet at the satellite simulcast facility.

(b) A sending track **IN THE STATE** shall incorporate this information with information on pari–mutuel betting at the sending track.

11–831.

The **[Commission] AGENCY** shall include in its annual report to the **[Legislative Policy Committee of the Maryland General Assembly] GOVERNOR:**

(1) the effect of satellite simulcast betting on the racing industry in the State;

(2) an appraisal of each permit holder, taking into consideration the results of inspections required under this section and any financial information that is submitted to the [Commission] **AGENCY**;

(3) if any additional permit has been granted under this section:

(i) the reasons for granting the permit; and

(ii) the anticipated impact of the new facility on existing permit holders and racing licensees; and

(4) if an application for a permit or permit renewal has been denied:

(i) the reasons for denying the permit or renewal; and

(ii) the impact on racing licensees if the [Commission] **AGENCY** denied a permit renewal application.

11–832.

The [Commission] **AGENCY** shall adopt regulations to:

(1) define the criteria for applicants for a satellite simulcast betting permit, which may include a nonrefundable application fee;

(2) define allowable costs of operations under § 11–827 of this part; and

(3) otherwise carry out this part.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) Except as provided in subsection (b) of this section, this Act shall be construed to apply only prospectively and may not be interpreted to affect the validity or term of any permit for a satellite simulcast betting facility issued or renewed before the effective date of this Act.

(b) This Act shall apply to and be interpreted to affect an application for a permit for a satellite simulcast betting facility in process on the effective date of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.