

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1581

(Chair, Appropriations Committee)(By Request -
Departmental - Stadium Authority)

Appropriations

**Horse Racing - Facility Ownership, Development, Licensing, and Operations -
Alterations**

This departmental bill alters various provisions of law regarding the reconstruction of Pimlico Race Course and the administration and oversight of live horse racing in Maryland. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: No effect in FY 2026 or 2027. A general fund appropriation to the Maryland Stadium Authority (MSA) may be required beginning in FY 2028 for the operation and maintenance of the Pimlico racing facility. The transfer of responsibilities from the Maryland Economic Development Corporation (MEDCO) to MSA under the bill can be handled with existing agency resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: MSA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill repeals certain provisions of Chapter 604 of 2025 (Budget Reconciliation and Financing Act) and alters others as follows:

- repeals MEDCO's involvement in the Pimlico Race Course reconstruction project by transferring all rights, responsibilities, powers, and privileges that were

transferred from the Maryland Thoroughbred Racetrack Operating Authority (MTROA) to MEDCO through Chapter 604 to MSA;

- clarifies that the Maryland Jockey Club, Inc. (MJC) is the thoroughbred racetrack operator designated by MSA, and makes related clarifications required as a result of the termination of MTROA;
- clarifies that the new, nonprofit MJC is the thoroughbred racetrack licensee, unless MSA appoints a successor, nonprofit thoroughbred racetrack operator;
- repeals various obsolete and other references to MTROA and MEDCO and replaces them with MSA;
- repeals obsolete references to the obligations of MTROA to operate Pimlico and maintain it as a first-class racing facility and instead requires MJC to do so;
- clarifies the roles and obligations of MSA and MJC under a specified long-term operating agreement; and
- reinstates a 10% net profit-sharing provision with the Park Heights community as the provision previously existed but substitutes the net profits of MJC for the net profits of MTROA. This provision of law was unintentionally repealed by Chapter 604.

The bill modifies the existing requirement that, after Pimlico is reconstructed, for any fiscal year in which MTROA reports an operating loss, the Purse Dedication Account must pay MTROA the amount of the operating loss. The bill applies this provision to the thoroughbred racetrack operator (MJC) instead of MTROA.

The bill establishes that, if thoroughbred racing is no longer a lawful activity or is not commercially viable as a result of a change in law or regulation, the parties to the long-term agreement are required to notify the Board of Public Works (BPW) before the expiration or termination of that agreement. Since current law requires the notice to include a termination plan, the bill also clarifies that the plan is for alternative uses for the Pimlico racing facility site. If there is a dispute regarding whether thoroughbred racing is no longer lawful or commercially viable, the bill authorizes MSA to adjudicate the dispute as a contested case under the Administrative Procedure Act.

Current Law:

Racing and Community Redevelopment Act of 2020

Chapter 590 of 2020 provided for the redevelopment of Pimlico Race Course in Baltimore City and Laurel Park in Anne Arundel County, as well as for the conveyance of the Bowie Race Course Training Center.

Chapter 590 authorized MSA, subject to the approval of BPW, to issue up to \$375 million in bonds to finance planning, design, and construction and related expenses for construction management, professional fees, and contingencies in connection with racing facilities. Chapter 590 also specified the requirements for and the contents of long-term agreements for management and operations at the Pimlico and Laurel Park racing facility sites. In addition, Chapter 590 provided for the financing of the racing facility redevelopment projects and for the payment of debt service on bonds issued by MSA.

Maryland Thoroughbred Racetrack Operating Authority

Chapter 111 of 2023 established MTROA as a body politic and corporate and an instrumentality of the State, with the stated purpose of maintaining the State as a best-in-class thoroughbred racing venue. To that end, the authority was authorized to:

- study and make any recommendations that the authority finds are in the best interests of thoroughbred racing in the State;
- in coordination with other State entities, develop new and existing horse racing and training facilities in the State;
- take specified actions, but only in accordance with an executive order or a determination of the Maryland Racing Commission, and subject to specified review and comment, that a thoroughbred racing licensee – for any reason other than weather, an act of God, or other circumstances beyond the control of the licensee – is unable to support the minimum number of live racing days;
- enter into any agreements, leases, partnerships, or contracts necessary to support and sustain Maryland thoroughbred racing and pari-mutuel wagering activity and ensure compliance with Maryland Racing Commission rules and regulations;
- authorize or create a separate body, entity, or holding company to carry out any provisions of the Act;
- adopt regulations to carry out the provisions of the Act; and
- make any other recommendations the authority deems necessary.

Chapter 111 allowed MTROA, under such an order or determination, to manage and oversee day-to-day thoroughbred horse racing operations, live racing days, and assets in the State and, in coordination with MEDCO, acquire property or contractual interests, as specified. Under such circumstances, the Maryland Racing Commission may issue a license and live racing days to the authority.

Chapter 410 of 2024

Chapter 410 of 2024 provided for the transfer of ownership and operation of thoroughbred racing facilities in the State to MTROA. Chapter 410 also altered provisions of Chapter 590 of 2020 and Chapter 111 of 2023 and made additional funding available to MTROA.

Chapter 410 authorized MSA to issue up to \$400 million in bonds to finance the construction of the facilities. At least \$250 million of the bond revenues must be allocated for the renovation of the Pimlico Race Course, and at least \$110 million must be allocated for a new training facility. At least \$17 million of State Lottery Fund revenues must be transferred annually to provide debt service payments for the bonds.

Chapter 604 of 2025 (Budget Reconciliation and Financing Act)

Chapter 604 of 2025 terminated MTROA, effective June 30, 2025. Chapter 604 made MSA the successor entity for the planning, design, construction, and ownership of a racing and community development project and MEDCO the successor entity for the operation of a racing and community development project. Chapter 604 transferred all rights, responsibilities, personal property, etc. of MTROA, including those related to MJC, to MEDCO.

Chapter 604 established that a nonprofit operator of a racing and community development project (1) may not be construed to be an agency or instrumentality of the State, or a unit of the Executive Branch, for any purpose; (2) may be replaced with another business entity with the concurrent approval of MSA and MEDCO; and (3) must reimburse MSA for the cost of a full-time auditor responsible for overseeing the financial transactions and records related to racing and community development project costs and ongoing operations.

Background: BPW approved the transfer of Pimlico Race Course to MTROA in May 2024. In addition, MJC was created in September 2024 as the nonprofit entity required to coordinate racing operations. All operational contracts and employee agreements for the prior Maryland Jockey Club were reviewed and assigned to the new MJC. The new MJC assumed day-to-day control of all horse racing operations in Maryland on January 1, 2025.

State Fiscal Effect: MSA is a nonbudgeted agency and does not receive State funds for operations. MSA advises that there is no expected increase in expenditures for fiscal 2027. However, the agency indicates that a general fund appropriation may be needed for the operation and maintenance of the Pimlico racing facility beginning in fiscal 2028. In addition, a general fund appropriation may be required to fund a capital improvement account for the racing facility. The amount of any future appropriation cannot be reliably estimated as MSA has not yet developed a plan for the operation and maintenance of the racing facility. MSA advises that planning will begin once the final design and construction of the facility have occurred.

Additional Comments: The bill reinstates a net profit-sharing provision that was repealed in 2025. As that repeal was inadvertent and the associated fiscal impact was not accounted for, the impact of its reinstatement is also not accounted for in this fiscal and policy note.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; Office of Administrative Hearings; Maryland Stadium Authority; Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2026
jg/jrb

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Horse Racing – Facility Ownership, Development, Licensing, and Operations - Alterations

BILL NUMBER: HB 1581

PREPARED BY: Rachelina Bonacci, Gary McGuigan, Dawn Abshire

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS