

## Front Page, cont.

### DEMOCRACY IN ACTION – OR SOMETHING LIKE THAT

by Timothy Capps

The 2006 session of the Maryland General Assembly – the 421st such gathering – began on Jan. 11, and every indication is that this year will be typical of other election year sessions. (Relax – they haven't been at it for 421 years; it only seems that way. That count includes all special sessions, as well as the early decades, when short sessions were held frequently to accommodate the idea that legislators were also citizens with lives and jobs.)

The term "election year" is the one to keep foremost in one's mind during this session, since the elected officials involved will be thinking as much about the first Tuesday in November as they will about the bills and debates going on in front of them.

As a cue to the tone of this year's General Assembly session, the first week was occupied by the revival of two bills vetoed by Governor Ehrlich after the 2005 session: one that would raise Maryland's minimum wage to \$6.15 per hour, and another – the so-called "Wal-Mart bill" – that would require employers of 10,000 or more people in Maryland to spend a certain percentage of their revenue on employee health care costs. Wal-Mart was in the bull's eye of this bill because it is the only employer in the state of that magnitude that is not already meeting the 8 percent threshold established by the bill.

What's interesting about the Wal-Mart bill is the dynamics behind it and the insights they provide to the legislative process. Although the Maryland Chamber of Commerce and other business advocacy groups were aghast at the thought of a law mandating businesses to spend certain amounts on health care, there were some businesses in Maryland quietly advocating such legislation, because they are competing with Wal-Mart and feel the company has unfair advantages because of its labor practices.

Regardless, the Maryland House and Senate passed both the minimum wage increase and the Wal-Mart bill with suitable veto-proof majorities, signaling an "in your face" approach to their relationship with the Ehrlich administration during the 2006 legislative session.

The governor, for his part, presented a budget for fiscal year 2007 (which begins on July 1, 2006) that makes you want to grab the nearest bucket and head to Annapolis, where the state's fiscal faucets are officially wide open. Projected expenditures are \$29.629 billion, an 8.1 percent increase over the 2006 budget, with General Fund expenditures expected to exceed current revenues by almost \$700 million. Since Maryland's constitution requires a balanced budget, the prospective deficit will be covered by the 2006 surplus and monies from the state's Rainy Day Fund, a reserve account funded by state surpluses when they occur.

The governor, of course, is touting the fiscal responsibility of the Ehrlich administration for putting the state in a surplus position, thus allowing a relaxation of the tight budget strings of recent years. Meanwhile, the Democrats are saying that the surplus is a function of fiscal policies that left major service areas, such as higher education, dramatically underfunded – and now the governor is trying to play catch-up in an election year.

Truth is, everyone likes to be in a position in an election year to give away as much money as possible. So the governor's largesse is hardly anything new; nor are the opposition complaints anything new.

See what we mean about ELECTION YEAR politics?

So, with budget busting and partisan finger pointing leading the way in the 2006 session, what's in store for the horse industry?

The Ehrlich administration did not include the Horse Park in the Capital Budget for 2007, ostensibly because Anne Arundel County, primarily County Executive Janet Owens, has not

yet signed off on the Anne Arundel location selected last fall by a committee working with the Maryland Stadium Authority. Owens, while interested in the idea, indicated that she lacks sufficient information on the estimated economic impact of the park, as well as the financial requirements to endorse the plan and commit the county to its share of funding.

Does this mean the Horse Park idea is dead, at least for 2006? No, because a bond bill could still come from the legislature, or funding could come through the governor's supplemental budget – although the former is more likely. Additionally, there is the likelihood of a legislative resolution to continue the study of the proposal, which would allow the

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MSA to proceed with its work, including negotiations with the U.S. Navy, owners of the Anne Arundel property in question, and county officials.

It is still vitally important for horse industry advocates to continue to push this initiative by contacting their local legislators so that the information process can move forward. Industry enthusiasm and support for this project will have much to do with whether or not it happens.

Elsewhere, the stage is set for a battle that has been brewing for about a decade between the Thoroughbred and Standardbred elements of the horse industry.

At stake is the question of who controls the revenues from wagering on out-of-state racing simulcast signals that now represent the bulk of the daily betting at Maryland's wagering sites. Although the issue is complex, suffice to say that the Standardbred tracks and their stakeholders want to be able to determine what signals they take, and control all the revenues that are generated in their facilities. The Thoroughbred interests believe that this is unfair and unreasonable, since the wagering locations operated by the different breeds are in overlapping markets and undue harm would come to the

Thoroughbred business if revenues from Thoroughbred simulcasts were to be controlled by the Standardbred tracks.

See what we mean by complicated? Senator Gloria Lawlah is a Democrat from Prince George's County in whose district sits the Standardbred track Rosecroft Raceway, a prime location for afternoon Thoroughbred simulcasts (the live Standardbred racing is conducted at night). She has introduced SB 58, which would effectively allow Rosecroft to take signals as it pleases and distribute revenues as it sees fit, thereby removing the Maryland Racing Commission as the arbiter of simulcast activities, as current law provides.

Senator George Della, a Democrat from Baltimore, has introduced SB 98, which would eliminate the so-called "6:15 law," the statute that gives the Standardbred industry control of racing after 6:15 p.m., without addressing the simulcast issue.

Clearly, the Thoroughbred tracks, horsemen's group, and breeders' association will be pulling out all stops to prevent Senator Lawlah's bill from going anywhere except the shredder, and their Standardbred counterparts will be doing the opposite. Forecasting an outcome is impossible, although it seems unlikely that the legislature is going to want to referee, by statute, what it considers to be an internal industry matter. However, the specter of a highly public battle between the two breed groups is unappealing, and can only complicate the ongoing debate over the thing at the top of both their wish lists: SLOT MACHINES!

And what about slots in 2006?

At press time, it appeared that both the Senate and House would entertain bills identical to the ones passed by the respective houses last year, which differed considerably on such important matters as locations of facilities, ownership of facilities and distribution of revenues. So the question is: Will the leadership in both houses be amenable to compromise (which was not the

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case last year, with Speaker of the House Mike Busch unwilling to send the House bill to conference committee)? Conventional wisdom holds that 2006 is not a slots year – that the Democrats will not be willing to let the governor get a “win” on this issue, and will be content to wait for the election results to determine the future of the slots discussion. By the time of the Maryland elections, the first Pennsylvania slot operations should be online, which is likely to heighten the debate even further. Meanwhile, the Maryland racing industry waits, and waits, and waits. (There will likely be other slot bills, such as Senator Klausmeier’s SB 132, which would permit slots to be operated by certain charitable organizations; however, any such bills are likely to be sideshows to the main event, if there is a main event.)

There is another Sunday hunting bill, this one (HB 205) introduced by Delegates Costa and Love from Anne Arundel County, to remove Anne Arundel from

the statute that prohibits Sunday deer hunting in certain jurisdictions, thus allowing Sunday deer hunting as prescribed in Section 10-410(a) of the Maryland code in Anne Arundel.

Another bill of interest will be SB 5, the Agricultural Stewardship Act of 2006, which provides funding for various programs to encourage environmental conservation, requires counties to include agricultural preservation in their comprehensive planning, and pushes a variety of agricultural education initiatives.

This, of course, is only the tip of a large iceberg in what promises to be the Great Give-away Session, with strong doses of partisanship and election year maneuvering.

Keep in mind: In 2006, it’s the ELECTION YEAR that matters. ■

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*Editor’s note: Timothy Capps is the former executive vice president of the Maryland Jockey Club and, before that, the Maryland Horse Breeders Association. He is currently working as a consultant in the industry.*