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The Baltimore Sun

March 16, 2003 Sunday FINAL Edition

SECTION: LOCAL, Pg. 1B

LENGTH: 685 words

HEADLINE: Senate staff advises major changes for slots measure;
Plan to drop upfront fees may cost Ehrlich in House

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SOURCE: SUN STAFF

BODY:

The state Senate's version of legislation to expand gambling in Maryland began to take shape yesterday with a radical rewrite of Gov. Robert L. Ehrlich Jr.'s bill allowing slot machines at four racetracks.

Among the ideas proposed during an all-day work session was scrapping the upfront licensing fees that Ehrlich is counting on to help balance next year's budget.

The move reflects an emerging consensus that it would be better for the state in the long term to give the tracks a lower percentage of the proceeds.

Senators also moved quickly to reject an administration proposal that the tracks be all but exempted from local zoning and land-use regulations as they build facilities for the slot machines.

The committee heard a lengthy presentation yesterday by staff analyst Vicki Gruber outlining proposed changes to an administration bill that has drawn scathing criticism from both supporters and opponents of slots.

The recommendations are not binding on the committee, but staff advice is often very influential with lawmakers -- particularly because it reflects the thinking of legislative leaders.

Among the other moves Gruber suggested:

Scrapping Ehrlich's effort to abolish the current Maryland Racing Commission and replace it with a new panel whose members would all be chosen by the governor. The proposal was severely criticized by horse owners and others who support the current commission's aggressive regulation of the tracks.

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Ignoring the administration's proposed amendment exempting from local zoning regulations the giant gambling halls that the tracks plan to build. That idea -- suggested by the Maryland Jockey Club, owner of Pimlico and Laurel -- ran into fierce opposition from lawmakers and county executives.

Adding a requirement for minority ownership by saying that if the track owners offer any equity to the public, at least 10 percent must be made available to people or companies who qualify as minority businesses under state law.

Adding a variety of consumer protections to lessen the effects of problem gambling. The suggestions included raising the age at which a person can play the slots to 21 -- Ehrlich's bill would have set the age at 18 -- as well as limitations on automated teller machines and withdrawal amounts at the slots parlors, and a prohibition on the cashing of public benefits checks there.

More than tripling what the governor would spend on compulsive gambling to \$3.9 million and funding it with a yearly fee on each slot machine -- an idea borrowed from legislation proposed by Del. Howard P. Rawlings and Sen. Ulysses Currie, chairmen, respectively, of the House and Senate budget committees.

Cutting the term of the racetrack's slot machine licenses from 20 years to 15 years. One of the original justifications for the 20-year licenses were the heavy upfront fees proposed in the governor's original bill and scaled back in amendments Ehrlich submitted last week.

The staff did not make recommendations on such sensitive matters as the number of slot machines or how to split up the proceeds.

Those matters are likely to be decided this week in what lawmakers acknowledge will be extensive discussions.

"It's a 60-page bill. It takes a while," said Sen. Patrick J. Hogan, vice chairman of the Senate Budget and Taxation Committee.

The governor's plan would permit 3,500 slot machines at each of three Central Maryland racetracks -- Pimlico, Laurel and Rosecroft -- and 1,000 at a track to be built in Allegany County.

Ehrlich initially proposed upfront fees of \$150 million each at the three larger tracks -- using the \$450 million to help plug a gap in next year's budget. This month, the governor cut back the licensing fees to \$40 million each.

The apparent Senate decision to scrap upfront fees would eliminate the linkage between the slots bill and next year's budget.

The move could cost Ehrlich what little leverage he had in dealing with the House of Delegates, which last week passed a bill supported by Speaker Michael E. Busch calling for a study of the ramifications of allowing slots.

LOAD-DATE: March 17, 2003