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Maryland's Risky Bet on Pimlico Racecourse

BALTIMORE, MD (October 1, 2020) — Maryland taxpayers are on the hook for a \$510 million financial burden to subsidize Pimlico Racecourse, home of Saturday's Preakness Stakes, and Laurel Park, according to a new report from the Maryland Public Policy Institute.

The new debt obligations stem from Maryland enacting the Racing and Community Development Act in the 2020 legislative session and could jeopardize Maryland's coveted AAA bond rating, the report finds. To read the full report, visit mdpolicy.org.

"Maryland bet on the wrong horse when it committed to decades of public subsidies for Pimlico," said Carol Park, senior policy analyst for the Institute and author of the study. "Pimlico has proven incapable of self-sufficiency, with chronic disrepair, poor conditions for both animals and spectators, and a 60 percent decline in annual wagers over a five-year period. The State missed an opportunity to move the Preakness Stakes to Laurel Park and redevelop that park while saving taxpayers tens of millions of dollars."

Assuming no cost overruns, overhauling the two racetracks will cost \$389 million. To finance the project, the state will jeopardize its AAA bond rating by borrowing \$348 million in a form of 30-year bonds. The cost of repaying the bonds will be \$17 million a year over 30 years — a total of \$510 million.

Pimlico is only used for racing 12 times a year while Laurel hosts about 160 racing days a year.

"As Maryland's experience with the Purple Line Metrorail project demonstrates, the state cannot continue to issue bonds to fund boondoggle projects and expect to maintain good bond ratings," said Christopher B. Summers, President and Chief Executive Officer of the Institute. "While there are many policies that can make a difference, rebuilding a horse racetrack for once-a-year party is not one that will change Baltimore's future."

To read the full report, visit mdpolicy.org.

About the Maryland Public Policy Institute: Founded in 2001, the Maryland Public Policy Institute is a nonpartisan public policy research and education organization that focuses on state policy issues. The Institute's mission is to formulate and promote public policies at all levels of government based on principles of free enterprise, limited government, and civil society. Learn more at mdpolicy.org.

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